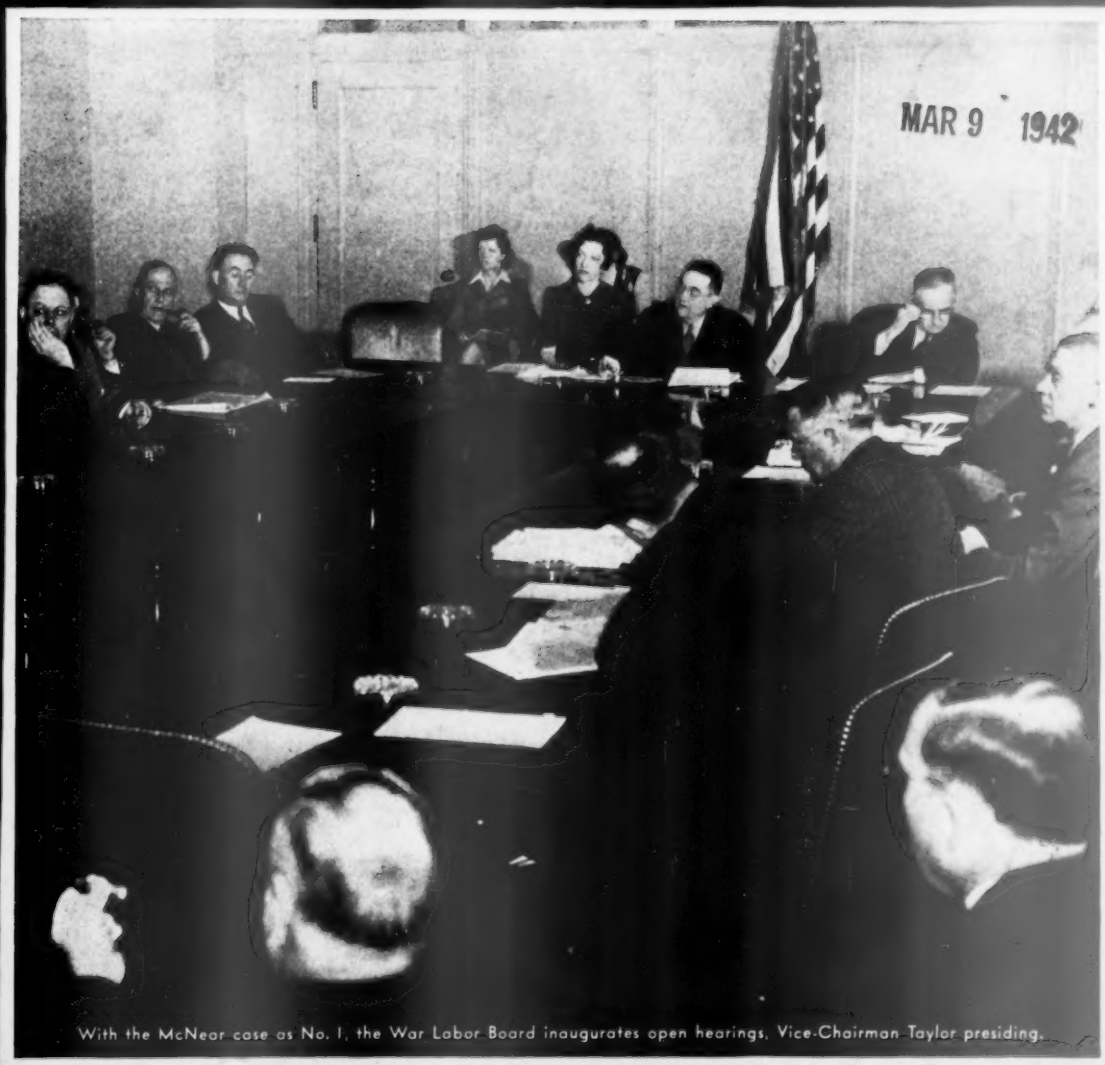


BUSINESS WEEK

← WEEK
AGO

← YEAR
AGO



With the McNear case as No. 1, the War Labor Board inaugurates open hearings, Vice-Chairman Taylor presiding.

BUSINESS
WEEK
INDEX

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IT'S BEEN TOO LITTLE BUT IT'S NOT TOO LATE

● Singapore could have been saved with more planes, tanks and guns—the planes, tanks and guns that could have been made last year but weren't.

But that's behind us. There's still time to save your country from defeat, to save your family from a lifetime of serfdom—there's time, but only just enough.

The history of this war proves that victory goes to the side with the most planes, tanks, guns, ships and shells. These need machine tools. In spite of every possible plant expansion, there are still not enough machine tools.

But there is a way, if you will seize it in time—you who *use* machine tools to produce the weapons of war. If you will increase your output only 10%—and you know you can do it—America will have the badly needed weapons *now* that would otherwise have to wait for next year's machine tools.

The tanks, ships, guns, planes which your extra 10% would produce may very possibly spell the difference between defeat and victory.

It's been too little for every man in this country, but it's not too late—if you work *quickly*.



**WARNER
&
SWASEY**
Turret Lathes
Cleveland

YOU CAN TURN IT BETTER, FASTER, FOR
LESS . . . WITH A WARNER & SWASEY

WASHINGTON BULLETIN

WHAT THE WASHINGTON NEWS MEANS TO MANAGEMENT

Zippering Up Output

Donald Nelson, the Army, and the Navy are getting desperate about the lack of enthusiasm in the production effort. Output is climbing but there's no real zip in it. The same plodding spirit that dominates Washington is evident in the factories. After Pearl Harbor, a wave of war fervor skyrocketed output but the impetus has almost completely worn off.

That's why Nelson feels compelled to risk the gamble of an all-out hoopla campaign. And it is a gamble. A wave of slogans, posters, and medals (see box) may stir the worker to the belief that his lathe is a machine gun—or it may subside in a morale-sapping fizzle.

Production Planning Arrives

Tighter planning of war procurement, the placing of new orders with an eye to quicker delivery, was made possible when Nelson formally issued this week the directive abolishing competitive bidding forecast last month (BW—Feb. 21 '42, p5). An important phase of this move is to put smaller plants to work on standard items—frequently the only work of which they are capable—and release the big plants, which are now underbidding them on the easy jobs, for more difficult work on the military's specialized needs.

But an immediate increase in output, more production from present contractors, requires that new drive be instilled into the men at the machines.

Not the Murray Plan

Official C.I.O. position is that labor will feel more responsibility for war production if it is actually given more responsibility, if it obtains a voice in management. C.I.O. President Murray has been proposing for months that labor-management committees be given the job of working out means for increased production. Nelson has little interest in or sympathy for this view. There are labor-management committees in his new scheme, but their job is little more than that of cooperating on morale-building devices. Nelson's position is that labor's job is to increase the output of the individual worker—the operation of the plant as a whole is management's responsibility.

An Opening for Labor

Though organized labor feels no particular enthusiasm for Nelson's program,

there's no sign that it won't cooperate. In fact, where management hangs back, the unions will try to capture the program, by pushing a series of little Reuther plans.

The fate of Nelson's effort to apply the techniques of the advertising campaign and the sales contest will have considerable bearing on labor's continuing drive for radical changes in the handling of production. If ballyhoo can't put oomph into the assembly lines, the unions will try their hand—at a price.

New War Powers Voted

By the skin of its teeth the clause in the Second War Powers Bill permitting requisitioning of tools, even though they are in use on nonessential work, got through Congress. The previous requisitioning law forbade taking any tool essential to the conduct of a business—a limitation which has prevented any widespread reshuffling of tools. By a margin of five votes, Congress knocked out the restriction, but stipulated that payment for the tool be based on the damage done to the plant as a going

concern. During its month-and-a-half trip through Congress, the bill (BW—Jan. 24 '42, p5) lost provisions compensating civil defense volunteers for injury and permitting easy naturalization of aliens in the Army and Navy.

A \$5,000,000,000 limit was set on direct purchases of government bonds by Federal Reserve banks.

Powers to condemn any real or personal property, to include trucks under the emergency powers of the Interstate Commerce Act, to waive navigation and ship-inspection laws, to exempt \$1-a-year men from the Hatch Act, to grant free postage to soldiers and sailors, and to permit the government to accept conditional gifts came through substantially unchanged.

New features inserted into the bill would:

Authorize use of civilians to protect war industries, utilities, and natural resources.

Permit coinage of five-cent pieces from a copper-silver alloy until 1946 (BW—Feb. 28 '42, p23).

Authorize procurement agencies and WPB to inspect the plant and audit

How to Speed Up—The Nelson Plan

Donald Nelson's push-production drive is designed to consolidate and put some sex appeal into the industrial-morale programs that Army, Navy, and WPB have been plugging in recent months. Mechanics of it are entrusted to what used to be the labor disputes section of Sidney Hillman's outfit.

Scheme will be tried first in about 50 plants selected from a list of some 200 major prime contractors furnished by Army and Navy. They will be big important plants. Men from Hillman's staff of labor relations "consultants" will visit each plant, see to the organization of a management-labor committee to run the drive. Each committee will be furnished with a kit of materials—posters, stickers, pamphlets, and an instruction manual.

First job of the committees is to set up bulletin boards for posters, notices, clippings, and other pep stuff. Hottest thing on the board will be special communiques and pictures reporting actual battlefield performance on weapons made in the plant; Army and Navy are arranging to furnish these regularly.

The committees also will set up a "newsstand" for distribution of pamphlets to take home, start a plant contest for war production slogans, give workers stickers to paste on their machines ("every time you twist a nut think of Hitler"), set up a suggestion box for ideas to increase production.

Meanwhile, WPB will establish monthly production quotas for each participating plant. These may be higher or lower than contract delivery schedules, will be set like sales quotas at the level most likely to stimulate effort. Plant managements will break these down into departmental and individual bogies.

Progress on meeting quotas will be dramatized by such devices as pictorial graphs (a bullet moves toward a picture of the Mikado), ringing a bell every time a finished unit is delivered. Prizes will be offered for meeting individual quotas.

WPB is now trying to work out some scheme for giving medals and citations to individual workers who do an outstanding production job—something similar to the recognition given troops for heroism.



GLAMOUR BOY TO DOUGHBOY

The popular appeal of certain applications long ago earned for plastics the title of "glamour boy" of industry.

But today plastics is a doughboy—contributing vitally to America's war effort, doing his job in battleships, tanks, tractors and submarines, helping make guns roar and planes fly.

At General Electric the change from glamour boy to doughboy has been simplified. For at General Electric, plastics have had a long training for the job they have been called upon to do. Parts for industrial

equipment always have formed the bulk of G.E.'s production in five plastics plants, so the production of war goods is not a new story.

General Electric's ability to produce plastics for war is primarily based on the fact that G.E. is a self-contained unit with complete facilities for the manufacture of finished plastics parts. Development, compound manufacture, designing, engineering, moldmaking, molding and laminating are all a part of the service at One Plastics Avenue, Pittsfield, Mass.—address of G.E.'s headquarters for plastics.

PD-2

P L A S T I C S

GENERAL



D E P A R T M E N T

ELECTRIC

WASHINGTON BULLETIN (Continued)

the books of any war contractor or subcontractor.

Allow the Commerce Department to make census or statistical studies for war purposes, to waive any of its regular census work, and to make confidential census data available to other government agencies.

Wanted: Specialists

The Army plans to curtail its practice of giving commissions to qualified civilians. Instead, they will be appointed to the new Army specialist corps and assigned to work within the department. Such persons will be uniformed but will hold no regular rank. They will be subject to civil service rather than Army regulations. Purpose of the plan is to place civilians in jobs now occupied by regular Army officers, who will be sent to combat service.

Businessmen, scientists, technicians, and most kinds of professional men will be appointed to the corps. Write the Civil Service Commission for further information.

Well-Chosen Words

The government is imposing "priorities" on propaganda via radio to assure more efficient use of this medium (BW—Feb. 28 '42, p. 28). Archibald MacLeish's Office of Facts and Figures is handling allotment of air time. Emphasis is on quality rather than quantity. That's why Donald Nelson himself has been put on the air in a series of 15-minute talks. Channeling material when and where it will do the most good, rather than drenching the air at large with indiscriminate plugs, also is part of the plan.

MacLeish told the broadcasting fraternity all about it off-the-record over a hookup of network wires Feb. 28. Broadcasters got the idea that here was no Goebbels but an official who would help them to keep pure tripe off the air.

Visual Propaganda

Posters will "interpret" the war to the public. To a much greater degree than in the World War, they will be keyed to the "news" with the idea of molding popular reaction to the war's ups and downs. The poster mill is just starting to grind. The Office of Facts and Figures has organized a poster council which is out to get the best men in the business. Designers will be paid about \$250 per job.

Hot Water for Hillman

Sidney Hillman was in a fair way to becoming embroiled in another "Currier

case" this week when charges were made on the House floor that he was nudging WPB to let Army and Navy clothing contracts only to firms that have signed agreements with Amalgamated Clothing Workers Union, of which he is president-on-leave. In the earlier case, Hillman prevented the Currier Lumber Co. of Detroit from executing a defense-housing contract on which it was low bidder because it had a contract with "the wrong union" (BW—Oct. 18 '41, p. 16), even though "the wrong union" was an affiliate of the C.I.O.

In the ensuing hue and cry, Hillman insisted that stable labor relations could only be maintained by satisfying the "predominant union"—in that case A.F.L.'s building-trades units—and that employers shouldn't be permitted to shop around for better terms from competing labor groups.

That argument, which silenced if not satisfied critics, doesn't seem to have much relevance to the present controversy. Hillman is charged with diverting orders from firms which are under contract with a union, the International Ladies Garment Workers—just as big and as stable as his own—as well as keep-

ing business away from unorganized shops. Under Secretary of War Patterson may investigate.

● **Black Sheep**—I.L.G.W.U. used to be in the C.I.O. fold along with Hillman's Amalgamated, but it went back to A.F.L. a couple of years ago, and ever since there's been no love lost between the two outfits.

Walling Must Roll His Own

Just after the Wage-Hour Division survived a congressional attempt to whittle its franchise in half by removing the statutory 40-hour limit on the work week, the division encountered trouble from another direction—the Supreme Court. By a 5-4 vote, the court drastically restricted the division's issuance of subpoenas, holding that only the administrator could compel companies to produce books and employment records and that he could not delegate this power to regional directors. Ruling was made on the appeal of Cudahy Packing Co.

The act authorizes the administrator "and his designated representatives" to conduct investigations but does not specifically define their subpoena pow-

Sandburg—From Poetry to Politics

Out of labor's bitter hatred for Rep. Clare Hoffman, Michigan Republican, there's growing a congressional campaign that promises to be the most picturesque of 1942. It will pit against labor-baiter Hoffman none other than Carl Sandburg, poet, biographer of Lincoln, one-time newspaper man, and collector and singer of American folk songs.

At least, that's the plan of the C.I.O. United Automobile Workers. The U.A.W. has been working hard on Hoffman's district—and not so much for traditional union reasons as political ones. It now expresses some confidence that it can swing the labor vote.

Sandburg, who once drove a milk wagon himself, won the eternal friendship of labor when he poesied the working man in "The People, Yes." Yet it is whispered that it was brother poet Archibald MacLeish (Office of Facts and Figures) who had to remind the U.A.W. that the 64-year-old Sandburg might be available to run from Michigan's fourth district.

What the union boys are planning is a campaign to rival that of Gov. W. Lee O'Daniel of Texas and his hillbilly chorus. They envision the



angular, weatherbeaten Sandburg, a seasoned platform artist, stumping the district with his guitar and regaling the electorate with gleanings from his own "American Songbag."

If Sandburg's being tapped by MacLeish were not enough to assure the Administration's blessing, there is the additional consideration that he stumped for Roosevelt in 1940.



The exceptional comfort of Willson Industrial Safety Devices increases the efficiency of your workmen without sacrificing any degree of protection.



On eye protective and respiratory problems consult your local Willson Safety Service Representative or write direct.

GOGGLES • RESPIRATORS • GAS MASKS • HELMETS

WILLSON
DOUBLE
PRODUCTS INCORPORATED
READING, PA. U.S.A. Established 1875

WASHINGTON BULLETIN (Continued)

ers, other than to make applicable the subpoena provisions of the Federal Trade Commission. FTC subpoenas have to be signed by one of the five commissioners. Hence, in the absence of any specific authorization for a delegation of power, the court held that the Wage Hour Administrator must sign his own.

That means a lot of penmanship practice for new Administrator Walling (page 74) and little time for anything else—as the minority opinion sharply pointed out.

No Final Answer

The Supreme Court's decision this week on the Wisconsin Employment Peace Act—often called the Wagner Act in reverse—is one of those little legal byplays which excite lawyers but have little or no practical effect. The court did not meet the basic issue of the statute's constitutionality, electing instead to render a decision upholding a state's right to illegalize violent picketing—which is perhaps the least controversial feature of the Wisconsin law.

Constitutional questions are raised, however, in other Wisconsin cases coming before the High Court. Not until these have been decided can Wisconsin be sure it has a law which will pass muster.

Another Rail Wage Rise?

The railroad brotherhoods don't overlook any bets. With carrier revenues swelling as a result of traffic and rate boosts—even though the rate increases weren't as much as the carriers wanted (page 20)—labor will be back with a demand for another wage boost before the end of year.

There's one big "if" in the situation, and that's Leon Henderson. If the policy of wage restraint for which Henderson is battling becomes dominant, the rail unions' hope will be dashed—but it's by no means a forlorn hope now.

• P. S.—This sort of thing could go 'round and 'round—wage boost-rate boost, wage boost-rate boost, etc.

Documents Go Underground

Washington is quietly preparing for bombs. Important files that can't be replaced are being moved from makeshift buildings to sub-basements of larger permanent buildings. Precautions are being taken to protect electric, water, and gas supply lines, and at the first hint of an East Coast bombing the windows in most government buildings will be taped to keep glass from shattering.

No one in Washington believes there

will be extensive raids on this or any other eastern city, but "token" raids in the spring would not be unexpected.

"Buy Now"

OPA is watching for advertising with a "buy now" appeal. Recently it called the attention of Hearst officials to what it considered a use of the scare angle in Baltimore News-Post promotion. In a report of this incident, it was stated (BW—Feb. 14 '42, p5) that the News-Post had done penance by devoting an equivalent amount of space to defense-bond copy. This was incorrect. OPA says that the matter was settled on its finding that the newspaper officials were very cooperative and anxious to avoid any further question.

Capital Gains (and Losses)

Federal Communications Commission has been peeved about hotel surcharges on long-line phone calls for a long time. Intent on stretching its authority to cover this situation, FCC has called a hearing for Apr. 1 in which Washington hotels will be the guinea pigs.

Ban on new installations of oil furnaces on the eastern seaboard and in the Pacific Northwest is coming. Orders will apply to homes and, in some cases, to industrial plants.

United and Northeast airlines have contracted with the Army to train commissioned pilots for multi-engine work. Nearly all the airlines have offered their services but the Army can't spare enough pilots for this extra training to take advantage of all the offers.

Arthurdale, W. Va., the government-built ghost town, will be sold to its residents, at a loss of about \$2,400,000. Ambitious social experiment of Rex Tugwell and Mrs. Roosevelt, this and other communities nurtured by the old Resettlement Administration now are referred to as "problem children" by the present Farm Security Administration.

Manufacture and sale of gas masks to civilians, except on government authorization, have been banned by WPB because business in unapproved types is fast becoming a racket.

Note to the censor: "H. Kurusu, Greenbrier Hotel, White Sulphur, W. Va." has sent in a subscription to Business Week's associated magazine, Aviation. P.S.: But the circulation department doesn't think that a Japanese "peace ambassador" should be interested in America's warplanes.

—Business Week's
Washington Bureau

FIGURES OF THE WEEK

THE INDEX (see chart below). *173.4 †171.9 170.4 160.6 149.0

PRODUCTION

Steel Ingot Operations (% of capacity).....	97.2	96.3	95.0	96.3	97.5
Automobile Production.....	30,085	25,645	73,305	39,965	126,550
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$28,142	\$27,601	\$24,737	\$16,782	\$20,256
Electric Power Output (million kilowatt-hours).....	3,410	3,424	3,468	3,261	2,993
Crude Oil (daily average, 1,000 bbls.).....	4,016	4,077	3,871	4,005	3,632
Bituminous Coal (daily average, 1,000 tons).....	1,833	†1,817	1,877	1,792	1,736

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	83	84	87	89	76
All Other Carloadings (daily average, 1,000 cars).....	46	47	50	61	43
Check Payments (outside N. Y. City, millions).....	\$5,527	\$6,024	\$5,964	\$5,286	\$4,631
Money in Circulation (Wednesday series, millions).....	\$11,422	\$11,339	\$11,097	\$9,899	\$8,725
Department Store Sales (change from same week of preceding year).....	+25%	+19%	+34%	+29%	+7%
Business Failures (Dun & Bradstreet, number).....	215	239	248	200	305

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	228.5	228.0	225.4	214.3	175.7
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	153.3	153.4	153.1	144.2	126.3
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	180.5	180.1	178.3	158.3	127.1
†Finished Steel Composite (Steel, ton).....	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
†Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$20.17
‡Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.24	\$1.24	\$1.26	\$1.08	\$0.80
‡Sugar (raw, delivered New York, lb.).....	3.74¢	3.74¢	3.74¢	3.50¢	3.14¢
Cotton (middling, ten designated markets, lb.).....	19.34¢	19.30¢	19.23¢	16.74¢	10.26¢
‡Wool Tops (New York, lb.).....	\$1.281	\$1.286	\$1.282	\$1.295	\$1.302
‡Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	20.89¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	67.9	67.4	70.5	81.8	78.2
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.30%	4.30%	4.28%	4.28%	4.42%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.10%	2.12%	2.04%	1.92%	2.06%
U. S. Treasury 3-to-5-year Note Yield.....	0.44%	0.43%	0.46%	0.32%	0.48%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate).....	‡%	‡%	‡%	‡%	‡-‡%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	24,712	24,961	24,747	24,453	23,431
Total Loans and Investments, reporting member banks.....	30,943	30,532	30,342	29,107	26,450
Commercial and Agricultural Loans, reporting member banks.....	6,902	6,889	6,778	6,183	5,227
Securities Loans, reporting member banks.....	881	868	857	885	933
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	15,855	15,449	15,398	14,608	13,100
Other Securities Held, reporting member banks.....	3,696	3,714	3,689	3,802	3,855
Excess Reserves, all member banks (Wednesday series).....	2,880	3,460	3,480	4,994	6,542
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,392	2,404	2,339	2,281	2,223

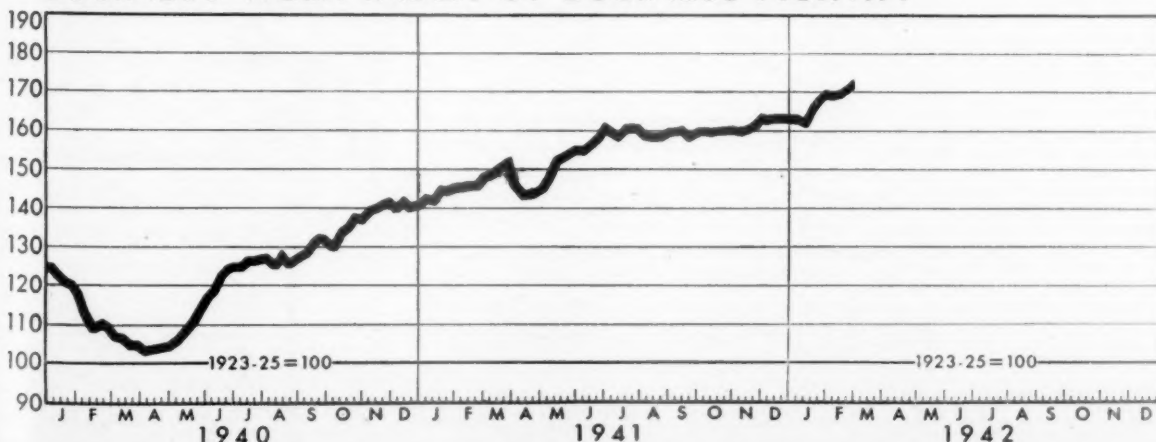
*Preliminary, week ended February 28th.

† Revised.

‡ Date for "Latest Week" on each series on request.

‡ Ceiling fixed by government.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





Mrs. Martin's compact is on the firing line in the Pacific

"I never dreamed a woman's metal vanity case could help win the war, until I went to get the gorgeous new Volupte model I'd set my heart on. Now the jewelry manufacturers like Volupte are making metal cases for the kind of powder that goes 'bang'. So I don't have just the compact I wanted. But I do have the pleasure of knowing there's a kind of personal token from me now on its way to Japan."

Making the grim munitions of war in addition to fine jewelry is a real manufacturing achievement. Yet so efficiently have Volupte and others overcome the new problems, that the jewelry industry is now one of the mainstays of our armed forces. In cooperation with the Revere

Technical Advisory staff, Volupte and others have found the path to munitions made smoother, easier, quicker. This is the type of service, beyond the supplying of sound copper alloys, which Revere brings to industry generally.

So vital are copper and brass that every ounce goes directly into war materials. Fortunately, in spite of the difficulties of past years, Revere built new plants, installed better equipment, improved processes. This program, begun in 1937, has enabled us to go straight into production of essentials in modern warfare. Yet until the day of victory Revere will never rest. More plants are already being built to serve us all.



The Revere Technical Advisory Service functions in (1) developing new and better Revere materials to meet active or anticipated demands; (2) supplying specific and detailed knowledge of the properties of engineering and construction materials; (3) continuously observing developments of science and engineering for their utilization in production methods and equipment; (4) helping industrial executives make use of data thus developed. This service is available to you, free.

REVERE COPPER AND BRASS INCORPORATED

EXECUTIVE OFFICES: 230 PARK AVENUE, NEW YORK

THE OUTLOOK

Taxes Drive It Home

Treasury's proposals sharpen the wartime tax trend, but Congress will modify some, and the course of the conflict remains the chief guide to the business future.

Business men this week had a plentiful budget of news to digest: Japan's all-out attack on Java; Donald M. Nelson's pep talk demanding a 25% increase in war output; the Interstate Commerce Commission's grant of a 6% increase in freight rates which brings \$250,000,000 or so additional revenues to the nation's railroads, but higher costs to shippers; the War Production Board order suspending competitive bidding on military supply contracts in order to speed up placement of contracts and deliveries.

Treasury's Tax Plan

But by all odds the most attention-getting piece of news was Secretary of the Treasury Morgenthau's plan to raise \$7,610,000,000 in additional taxes. The proposals brought home to everyone—individual householders, corporation executives, doctors, lawyers, and members of partnerships alike—Sherman's description of war. Yet Mr. Morgenthau offered no surprises; he merely followed the President's budget outline for \$9,000,000,000 in new income, \$2,000,000,000 of this from additional Social Security imposts to be recommended later. The schedule of additional yields runs as follows:

Source of New Revenue	Estimated Yield
Individual Incomes.....	\$3,200,000,000
Corporation.....	3,060,000,000
Estate and Gift.....	330,000,000
Excise Taxes.....	1,340,000,000
Removal of Loopholes.....	680,000,000

The total comes to \$8,610,000,000; but because the taxes are interrelated in their impact—for instance, a rise in corporation taxes may cut down dividends, thus curtailing individual incomes and individual taxes—the Treasury has lopped off a billion dollars for "margin," leaving a net expectation of \$7,610,000,000.

Proposed taxes on individual incomes are particularly severe in the middle-income brackets—from \$2,500 to \$10,000—doubling on the average. Because rates are already so high, percentage increases in the topmost brackets are not so great. The peak effective rate would advance from the current 78.5% to 89.6%. Middle-income boosts were steep because the Treasury aimed at inflation control and wanted to draw off maximum effective purchasing power.

But the Treasury did not propose lowering exemptions, taking the ground that \$750 income for single persons and \$1,500 for married persons was not too much to spend—especially with the cost of living rising.

New Excises

The form of corporate taxation was unchanged—only there is more of it. Both average-earnings and invested-capital methods of computing excess-profits taxes are permitted, with the same allowances. But excess-profits tax rates go up 15 percentage points, so that the present low rate would rise from 35% to 50% and the top rate would become 75%. Normal taxes—computed as this year after EPT (excess-profits tax)—are unchanged; but the surtaxes would go up from 6% to 16% for corporations with incomes of not more than \$25,000 and 7% to 31% on corporations with incomes of more than \$25,000.

Several new items are proposed by the Treasury for excise levies: coin-operated telephone service under 25¢; carbonated soft drinks; candy and chewing gum. Otherwise, the heavier burden falls on such old standbys as distilled spirits, cigarettes, telegraph, telephone, wines, gasoline, photographic apparatus, beer, lubricating oil, etc. The Treasury selected for excise taxes goods and services not classifiable as sustenance necessities. Thus, food and clothing are omitted.

The Treasury plan, however, is not to be regarded as an accomplished fact. Congress is apt to lower individual income rates. Moreover, congressmen are not keen about the two main loophole-elimination proposals: (1) to have husbands and wives make joint returns; (2) to tax income from state and municipal bonds. And it is doubtful if the final law will produce the expected \$7,610,000,000 yield of the Treasury's proposals, though congressmen are talking about introducing a general sales tax.

Effect on Profits

For business as a whole, the new tax law will implement a trend that has persisted for years. It's going to be harder to make profits than in the 1920s (BW—Aug. 16 '41, p. 27). How-

IN THE OUTLOOK:
DEFENSE AND BUSINESS



The steep rise in national defense expenditures is positive evidence that war materials are moving off production lines in accelerating quantities. But the quiet slope of the business activity curve suggests that most of this acceleration is being gained at the ex-

pense of civilian supplies. Obviously, if total business is increasing but gradually, while war production is spurring sharply, then it follows that part of the rise in war output must be coming out of the production and distribution of "other goods."

ever, the dollar volume of business this year is apt to be as much as 15% to 20% greater than last year—or in the neighborhood of \$20,000,000,000. It is quite possible that out of that increase in gross, corporations will be able to squeeze out the increase in taxes with even a little over. But effects will vary widely from company to company and from individual to individual.

In the long run, of course, the war, rather than the tax bill, will determine the direction of profits. If the Dutch lose Java, then the United Nations will have to prepare for an offensive against Japan from such difficult bases as Australia or the Aleutian Islands. And such a drive would be costly in men and materials, would require immense quantities of shipping, which already has become a bottleneck (page 44).

That explains in part the urgency of Mr. Nelson's plea for more production now. Any supplies that can be rushed to the front in the next few weeks may stave off a much greater victory effort later. And Nelson's plan to assign manufacturers quotas and award workers merit badges has a lot of psychological appeal toward this end. The scheme is similar to Stakhanovism which is used so effectively in Russia to attain the goals of the five-year plans. Interestingly enough, Stakhanov took the idea of production quotas or bogeys from this country. Now it is back again.

War Labor Crisis

Whether NWLB can satisfy union security demands decides whether voluntary regulation continues or Army takes over.

Although it is less than two months old, the National War Labor Board has already received 84 cases, cases threatening vital defense production which could not be resolved by any other means. NWLB's predecessor, the old National Defense Mediation Board, did not have as many as 84 insoluble cases referred to it until six months after its creation. Even though allowance is made for the two dozen cases which NWLB inherited in a lump from NDMB, it is obvious that there has been a marked acceleration in the rate of case referrals.

Therein lies the significant difference in labor relations under the defense program and in wartime. Disputes today are even more numerous, more difficult to resolve by direct negotiation, than they were before the United States went to war.

• **The Paramount Issue**—That is a fact which has Washington scared. "Business as usual" seems to be back on the labor front with a vengeance. It may prove to be the Achilles heel in Amer-



TAX CHAMPION

The man who will carry the ball for the Administration's tax proposals (page 13) is Randolph Paul, tax adviser to Secretary Morgenthau. He is expected to get along better with the House Ways and Means Committee than would either Morgenthau or Assistant Secretary John L. Sullivan, whose preliminary tactics have stirred up bad feeling on Capitol Hill.

ica's production program. Furthermore, there is no hope that the labor situation will soon improve. As a matter of fact, things are apt to get much worse before they get any better.

An increasing number of strikes in war production centers all over the country indicate that the moral effect of Pearl Harbor has worn off.

• **Two Basic Demands**—At the heart of every important labor dispute before the NWLB are labor demands for a greater share of the income of industry, for union security, or for both. These were the same issues with which the old NDMB had to deal. All told, the two labor agencies have resolved such issues in a hundred-odd cases (NWLB has accounted for only 20 of the decisions because of the increasing stubbornness of the disputants), and these settlements provide a guide to the War Labor Board's present policies. Even if the board breaks up through failure to make a decision which will be acceptable to both labor and management in the Little Steel case on which it is now holding hearings (BW—Feb. 14'42, p14), the decisions which it has made will provide points of reference for any national labor policy that follows,

no matter how that policy is implemented.

Union demands for a greater share of industry's income involve wage rates, bonus payments, and extra compensation for overtime and Sunday work. In determining the justice of union claims, the board has taken into consideration a number of diverse factors. The most important ones are (1) the employer's ability to pay higher wages; (2) the cost of living; (3) prevailing wage standards in the community and the industry; (4) morale of employees; (5) general economic policy.

• **One Yardstick, Different Use**—To be sure, in using any one or any combination of these yardsticks in a particular case the board may have been inconsistent with its previous use of that same yardstick. But, as it granted a wage increase in the Alcoa case, citing general economic policy against a North-South wage differential as its reason (BW—Feb. 21'42, p62), and as it refused a wage increase in the Phelps-Dodge case because it was against economic policy to encourage wage-spiralling (BW—Feb. 21'42, p5), the board has tried to be consistent to one principle which it holds paramount. That is the concept that a union can get from the board by peaceful means all that it is in a position to get—no more, no less—by striking.

On the one occasion when the old mediation board made a mistake about how much a union could get by striking its doom was sealed. John L. Lewis demonstrated that he could get more by a show of force than he could by board decision and the C.I.O. from then on refused to have anything to do with the NDMB. If the NWLB is put in that position, its usefulness as a voluntary body on which labor and management representatives serve is over.

The greatest danger that NWLB will repeat NDMB's mistake is supplied not by the wage issues, which for the most part can be compromised easily, but by union security demands.

• **Closed-Shop Compromises**—Between the straight-out granting of a closed shop which was awarded in only one case (Bethlehem Steel shipbuilding in San Francisco) and the flat rejection of union security demands which occurred in five decisions, the two boards have recommended or sanctioned various union security devices of four distinct types: (1) maintenance of membership, as in the Federal Shipbuilding decision which provided that an employee who was a member of the union had to maintain his membership or be fired; (2) elective membership maintenance as in the Marshall Field ruling, under which each employee could individually signify to the company his willingness to be deprived of his job if he did not remain a member of the union and his desire that the company check his union

dues out of his pay in order to keep him a member in good standing; (3) withdrawable membership maintenance, as in *Cheney Bros.* verdict, which is the same as the *Marshall Field* formula, with the important modification that an employee may at any time revoke his authorization to the company to check off his dues if he has "legitimate reason"; and (4) employer encouragement of union membership, as in the *Todd Galveston Drydocks* ruling, by the terms of which the employer posts a notice stating that it "looks with favor on its employees becoming members of the union."

• **Wanted: A Compromise**—Between the black and white of union shop and status quo, one of these shades of gray has to be made acceptable to the unions and to the industries—notably, right now, *Little Steel*. If the board can't do it, *NWLB* and the whole idea of such labor courts goes crashing down. The President may then have a fling at trying to get an agreement on pay standards and union protection from the labor chiefs who make up his six-man *A.F.L.-C.I.O.* committee. Getting promises under pressure won't be hard. But the experience of *NDMB* and *NWLB* will give such promises a hollow sound. A labor treaty written at the White House will only be the old idea of voluntary cooperation in its third and death-stage form. What comes then is government dictation of labor relations backed up by force. If that comes, part of the U.S. Army will be needed to police the labor front.

OPA Moves into the Stores

Pattern for price-fixing and rationing at retail level is taking form slowly. Officials, aware of pitfalls, hope that experience with sugar will provide useful lessons.

The long shadow of the Office of Price Administration is falling across the retail counter. It will be six months to a year, however, before it materializes—except with respect to sugar. A few other staple items of food and drygoods may be included sooner but that's a remote possibility. In the interim, OPA will count on its mere shadow, whose broad and indefinite outlines resemble retail price-fixing and rationing, to police the business done daily between retailers and ultimate consumers.

• **Pattern Unfolds**—Retail price-fixing and rationing at the retail level are today in the same stage that price-fixing and priorities on commodities at the manufacturing and wholesale levels had reached 18 months ago. Under the impetus of actual war, however, and with the backing of the new price control law, retail price control and rationing probably will develop faster than the earlier controls did.

OPM officials have the broad pattern of retail controls before them but confess to shuddering at the complications encountered in its application. The trend is inevitably toward strict measures, but Price Administrator Henderson and his staff hope to put off the

day of action until they can achieve closer agreement on the more important details.

• **Rationing Comes First**—Contrary to earlier expectations, OPA officials expect to get the feel of rationing before they tackle retail price-fixing. This is because the sugar situation developed faster than government officials had anticipated. Since January, OPA men have been in daily conference with War Production Board sugar officials in an effort to iron out the details of the system which will be unveiled in a few days. It is now expected that actual operation of sugar rationing will get under way late this month. Use of grain instead of sugar for industrial alcohol may alleviate the pressure on sugar stocks, but for morale reasons, if no other, sugar rationing has to come (page 18).

"In the absence of direct price control at the retail level, the responsibility for keeping retail prices at a reasonable level rests squarely on the shoulders of the retailer," the Price Administrator said this week, in placing temporary ceilings on the wholesale price of canned goods. Henderson earnestly hopes such warnings will be sufficient, but he declared that "should this responsibility prove too much, OPA will take steps to control prices at the retail level."

• **Use of "Requests"**—In frequent instances Henderson has "requested" that retailers hold their prices to the level prevailing on a certain date. In the case of fine papers, merchants were handed a schedule of markups which they were requested not to exceed. The possibility is always present that situations will arise in which such tactics fail, forcing the Office of Price Administration—in order to uphold its prestige—to plunge into actual retail price-fixing before it is fully prepared.

To cope with situations demanding immediate attention, OPA will fall back on the provision of its law calling for temporary price ceilings based on prices prevailing during a five-day period sometime prior to the effective date of the ceiling. In its simplest form, such a ceiling would tell retailers that they cannot charge consumers more for a given product than they charged during the five-day base period. This was the method adopted in freezing wholesale prices of canned goods.

• **Surprises Are Needed**—To be of help to consumers of everyday products, such ceilings should, in OPA's view, be based on a very recent five-day period—in the case of the canned goods order it was



SUGAR BOWL

Sugar rationing has arrived at restaurants bringing with it a dozen different ways of doling out sweetenin'. At New York's Automats, where nickel-in-the-slot coffee is dispensed without the help of waitresses or counter girls, a new department—the sugar counter—has been added. To

the lady who presides at the mammoth sugar bowl, patrons must bring their cups and say "One" or "Two." "Three" gets nothing but a scowl. Pour-type sugar dispensers in a Chicago cafeteria are capped with corks in which are inserted small American flags. Customers are reported to respond nobly to the patriotic hint but they also swipe a lot of flag souvenirs.

the five days immediately preceding issuance—so that the housewife's memory will aid in the enforcement problem. Hence effectiveness of this type of ceiling depends on OPA's ability to spring surprises. If the intention to set such a ceiling becomes public knowledge before it is actually announced, prices will go up and the ceiling will be based on a set of inflated prices.

Temporary ceilings, however, must be replaced by permanent ones within 60 days. This is what is causing OPA most of its headaches in considering the retail price problem. In fact, OPA officials admit that their thinking hasn't yet extended to the details of permanent retail price ceilings, which will raise numerous corollary questions as to sizes, standards, grades, and brands.

• **As Regards Reform**—Most OPA men dealing with consumer goods personally believe in grade standards, but they also take the view that price control is a big enough job without taking on reforms which the consumer movement could not effect in normal times.

OPA's revived Consumer Division believes that price control on consumer goods must be tied to some kind of quality control, and division officials are preparing to provide and urge such standards. Best prediction is use of standards and grades—trade standards in some instances—where absolutely necessary to protect price controls, but avoidance of pushing grade reforms for reform's sake.

• **Enforcement Problem**—Enforcement of retail price controls is the big problem, particularly when temporary ceilings have to be replaced by product

schedules. Prevailing view is that the retailer will have to post schedule prices prominently in the store and primary enforcement will come from buyers and competitors. This means that ceilings will have to be as simple as possible on goods which the average consumer buys.

Simplest form is to set one price for a size and type of commodity over the entire country. This would put high-cost retailers at a disadvantage with their low-cost competitors, but it would permit use of nation-wide publicity to educate the consumer as to the price. Setting prices in terms of margins or percentage markups might work on products where the buyer is more or less informed but probably wouldn't mean much to the average housewife.

• **Advantages of Base Period**—Setting prices in terms of a previous period or day, as in the case of temporary freezing orders, probably will be the most frequently used because it allows for differentials in the cost of retailing, and gives some degree of consumer enforcement. The only drawback is that the consumer's memory might not be good enough to recall the price charged in the base period. Again, such a technique might work unusual hardship on individual retailers—grocers who might, for instance, have been selling the price-fixed commodity at loss-leader prices during the period chosen as a base would be stuck with those low levels as top ceiling for the duration.

The prevailing view is that all three types of price controls might be used depending on the product. Sugar, for example, which is a staple and uniform product, probably can stand a national

LID ON CANNED GOODS

Price control on consumer goods came a step closer this week when the Office of Price Administration set ceilings for most of the widely-used canned fruits and vegetables. For the time being, the lid is applied only at the cannery and wholesale levels.

The order (Temporary Maximum Price Regulation No. 6) limits canners and wholesalers for 60 days starting Mar. 2 to the highest prices at which they did business in the five days from Feb. 23 to 27. Certain options are permitted in figuring maximum prices to prevent unfairness, and Henderson declared that the tops were sufficiently high so that farmers' receipts should not be lower than ceilings set in the price law.

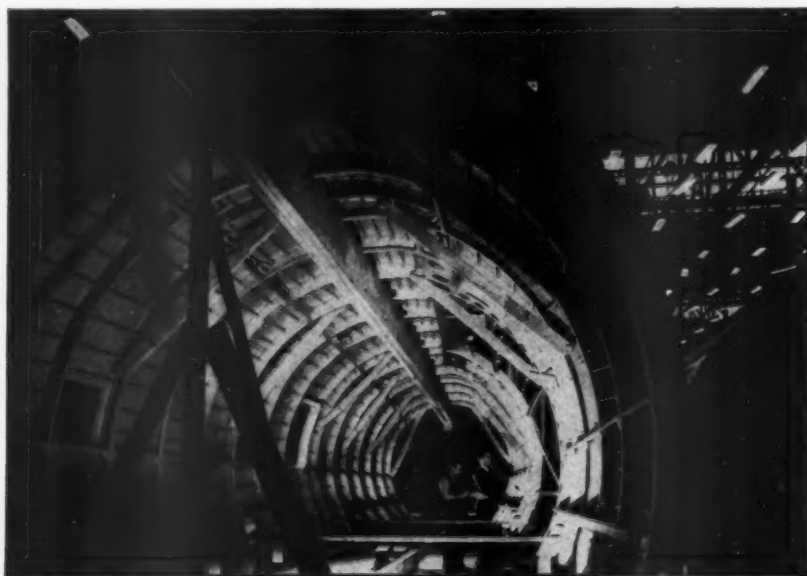
Canned items affected by the price law include apples, apple sauce, apricots, cherries, fruit cocktail and salad, peaches, pears, pineapple, plums, asparagus, beans (dry, snap, lima), beets, carrots, corn, peas, pumpkin, sauerkraut, spinach, sweet potatoes, tomatoes, tomato catsup, and tomato juice.

In issuing the order, Henderson declared that there had been an increase of about 20% in fruit and vegetable prices at the canners' level since August, 1941. Moreover, he asserted that wholesalers' stocks were abnormally high—a factor that might lead to speculative price advances and withholding of supplies. Wholesalers' stocks of peaches (which make up about 25% of the total yearly fruit pack), for example, were about half again as large on Jan. 1, 1942, as at the start of 1939.

or regional fixed price. Office supplies, used primarily by better informed consumers, might stand fixed margins or percentage mark-ups, while canned goods or clothing probably would do best if controlled by prices as of a base period.

State and local governments may be called in to help enforce ceilings by state laws and city ordinances making it a punishable offense to violate ceilings. These would permit local enforcement officers to help maintain ceilings but they raise the threat of abuse due to local hysteria. So far as OPA is concerned, it is not yet planning any nationwide enforcement program.

• **Price vs. Rationing**—OPA has repeatedly been advised, in the light of European experience, that it must be ready to ration a given product the minute it imposes a retail price ceiling. While re-



CARGO PLANE

Originally designed as a sub-stratosphere luxury airline, Curtiss-Wright's new air "express train"

moves into production for a more serious purpose. From the production line the new C-46's will go into service as Army cargo planes, each able to carry 50 fully-armed infantrymen.

garding this as good advice, OPA men don't believe that it applies to the U. S. with the same force that it applied to consumer goods in other countries. They point out that economists contended from the beginning of the defense program that price control at the manufacturing and wholesale level should always follow priority control, whereas, as a matter of fact, there was a wide lag between imposition of priorities and price controls in the U. S., and the results were not disastrous.

One of the main problems of consumer rationing is the need for positive assurance that there will be enough of a given commodity to match all outstanding ration stamps. For example, there was talk in OPA several weeks ago of rationing tea, but this plan was dropped when it was disclosed that there wasn't enough tea to ration. Without enough of a given commodity, ration cards and stamps become checks drawn against insufficient funds.

• **Part Played by WPB**—Under the general system worked out so far, it is the War Production Board's job to see that enough of a given commodity moves into the retail trade to provide sufficient deposits against which OPA can issue checks in the form of stamps. In short, WPB handles allocation of supplies; OPA rations that supply to the ultimate consumer.

Although the line of demarcation between allocation and rationing—between WPB and OPA—is simple when expressed in general terms, it represents one of the major problems of sugar rationing and has led to several bitter controversies between representatives of the two agencies. On the basis of current thinking, WPB will provide wholesalers with the sugar against which retailers can draw by presenting canceled stamps taken from consumer books. Small manufacturers, bottlers, candy makers, retail druggists, etc., who have used the retailer as their source of sugar, probably will have to depend on OPA rather than WPB for their future sugar supplies.

• **Administrative Setup**—The general structure of rationing will include state administrators, county or metropolitan boards—similar to the tire-rationing system. Local tire boards will be used for sugar rationing, but additional members familiar with sugar may be added. Boards will handle special cases, such as restaurants, but the housewife will get her ration stamps at the local school house.

After obtaining his original allotment, the retailer may have nothing more to do except tear out the stamps and present them to his wholesaler or refiner for replacement of stocks. The possibility is being discussed that the Surplus Marketing Administration's staff of food stamp plan inspectors might be used to check on retailer adherence.



MAN-HOUR SABOTAGE

No actual property damage was reported during Los Angeles's mysterious air scare last week but the en-

forced traffic stoppage which involved an entire shift of shipyard workers on their way to work caused the loss of thousands of man-hours which can never be replaced, even by insurance.

• **Testing the System**—OPA officials hope they won't have to extend rationing to other products until they see how the sugar system works and until they can eliminate the bugs from this system.

OPA can be counted on to try its best to foil the hoarder. Key to its plans in this direction is the use of a questionnaire asking about supplies on hand. This will be backed up by the threat of penalties for telling the government a lie. In the sugar system, stamps will be torn out of the housewife's book to cover sugar on hand in excess of a nominal quantity—but no homes will be entered to seize stocks.

Fair Rent Dates

Twenty areas get notice that rates must be cut within 60 days to specified levels, set under price law's provisions.

Twenty widely-scattered areas were put on notice this week that, unless they find some means within 60 days to reduce rentals to a level satisfactory to the Office of Price Administration, rents which may be charged for living quarters will be brought under federal control. This is Leon Henderson's first step towards exercising the power over rents granted him in the price control law (BW—Feb. 21 '42, p. 24).

• **Here's the Procedure**—Each proclamation established a "fair rent date" on which it is presumed rentals were normal. Except in the unlikely contingency that state or local action is able to bring rents to the levels prevailing on the date named, OPA will issue an order freezing the rent of every house, apartment, room, and even trailer at the rent

charged on the fair rent date. Housing built or substantially remodeled since that date may charge the rent prevailing then for similar accommodations.

When such an order is issued, it can be enforced by all the sanctions provided in the price law. OPA may require landlords to obtain licenses, may obtain court injunctions against violators, and in extreme cases can bring criminal action against recalcitrant landlords with the threat of a \$5,000 fine or a two-year jail sentence. An even more effective enforcement device is the possibility that tenants may bring triple-damage suits against landlords to recover excessive payments.

• **Other Areas Lined Up**—Similar action will be taken soon in other communities. Karl Borders, Henderson's rent chief, already has lined up more than a hundred other areas and has made studies in about 200. Each of the rental areas named this week includes suburbs as well as the municipality itself.

Rental proclamations were issued in three Connecticut areas, all establishing April 1, 1941, as the fair rent date: Bridgeport, Hartford-New Britain, and Waterbury. Schenectady, N. Y., was covered as were the following southern population centers: Birmingham and Mobile, Ala.; Wilmington, N. C.; Hampton Roads, Va.; and Columbus, Ga.; a fair rent date of Jan. 1, 1941 was established for the latter.

• **In the Midwest**—April, 1941, was set as the fair date in Detroit, Akron, Canton, Ravenna, and Youngstown-Warren. A July 1 date was adopted in Cleveland and Wichita, and Jan. 1 in South Bend and Burlington.

On the Coast, fair rents in the Puget Sound area (Seattle, Washington, and Tacoma) were defined as those prevailing April 1, while a Jan. 1 date was adopted for San Diego.



EXECUTIVE SCHOOL

Government department heads taking a special employer-employee relations course at George Washington University, Washington, D. C., are

getting some good-natured kidding from associates about learning to be big executives in ten easy lessons. Government pays the tuition—\$250. Those passing the course may instruct others, after-hours, at \$5 per hour.

Adieu to Sugar

If Congress asks, here is why need for war alcohol has caused shortage and why nothing is going to be done about it.

Should the bulk of the 275,000,000 gal. of alcohol required this year for munitions and industrial and commercial purposes—triple normal demand—come out of the sugar bowl or out of the grain belt? That question is at the bottom of the long nasty row involving the WPB (OPM) Chemical Section, the industrial alcohol industry, the whisky distillers, the Department of Agriculture, the OPA, the congressional farm bloc, and sugar- and alcohol-consuming industries whose supplies have been sharply curtailed.

• **What Congress Will Learn**—So broad are the ramifications of this industry vs. industry and government vs. industry fight, in which the consumer is the goat, that Congress wants to know just what kind of shenanigans have been going on. If there is a full-dress investigation, as now seems likely, Congress will learn that:

(1) The OPM chemical section and the industrial alcohol industry—which according to their critics include many of the same people—persisted in plans to get most of the war alcohol needed from sugar, the industry's normal raw material, until alcohol requirements soared beyond their plant capacity.

(2) The whisky industry, which has facilities for producing as much alcohol from grain as the industrial alcohol industry can produce from sugar, was called upon when it became obvious the industrial alcohol industry could no longer supply all the alcohol needed.

(3) Of the 275,000,000 gal. of alcohol needed this year, 150,000,000 gal. now is scheduled to come from sugar via the industrial alcohol industry, and only 65,000,000 gal. from grain via the whisky distillers. (The rest is to be synthesized from ethylene gas, byproduct of petroleum cracking.)

(4) About 50,000,000 gal. of the 150,000,000 gal. of alcohol from sugar is to be distilled from blackstrap molasses, a byproduct of sugar refining which doesn't cut into the supply of edible sugar.

(5) To produce the remaining 100,000,000 gal. of alcohol from sugar, it will be necessary to take away from the household table and sugar-consuming industries (soft drinks, canned goods, candy, bakery products and such) a total of 800,000 tons of sugar, which means a cut of 12% in our total sugar consumption this year. This would go far to bridge the gap between an adequate supply of sugar and an inadequate supply. If the 800,000 tons of sugar now scheduled to go into alcohol were released for general consumption, rationing of sugar at the manufacturers' level probably would be enough. This would render unnecessary—so far as sugar is concerned at least—the vast, complicated, expensive and annoying consumer rationing program (page 15).

(6) OPM's chemical section wangled this 800,000 tons out of the sugar bowl for the alcohol being soaked up by war industries on the ground that this alcohol could not be got in any other way.

(7) The war alcohol could be secured, however, without eating up this 800,000 tons of sugar by utilizing the full capacity of the whisky industry for producing alcohol from grain. This would not require any immediate reduction in the consumption of liquor because there is five years' supply now on hand.

(8) The whisky industry can produce from grain a minimum of 100,000,000 gal. scheduled to come from sugar—in addition to the 65,000,000 gal. the whisky industry is already working on.

(9) The 100,000,000 gal.—unlike the 65,000,000 gal., which is regular 190 proof alcohol—would be low-proof alcohol, averaging about 140 proof. (This 140 proof is just plain raw whisky.)

(10) This low-proof alcohol from the whisky distillers would have to be run up to 190 proof, the standard required for all industrial and war purposes.

(11) This 140 proof alcohol, which the whisky industry itself doesn't have the facilities for running up to 190 proof, could be run up by utilizing the capacity of the industrial alcohol industry, which is now working on sugar.

The WPB chemical section made no move to consider the whisky-alcohol program until Congress began talking about an investigation. Then it began exploratory surveys to utilize the distillers' capacity for producing low-proof alcohol. The preliminary work now is under way and necessary amendment of the internal revenue law is being considered by Congress, but—

(12) Unless Congress or the WPB moves fast, neither can do anything about getting all the alcohol needed and all the sugar that we'd like, too, because the 800,000 tons of sugar already allocated to alcohol production now is being rapidly converted to highest molasses, which can be used only for making alcohol and only in the industrial alcohol industry. Goodbye sugar.

(13) Apparently neither the Department of Agriculture nor the Office of Price Administration, which should be defending the consumer's sugar bowl, is anxious to see grain substituted for sugar to make the alcohol, thus releasing sugar for consumption. The D. of A. prefers to let it stand that the tight sugar situation is due wholly to the need of alcohol for smokeless powder rather than to admit tardiness in lifting restrictions on domestic beet and cane sugar acreage.

With plenty of sugar, the bottom would drop out of OPA's ambitious sugar rationing plans. These have gone so far that if the necessity were no longer present in sugar, the whole idea of rationing would be discredited by

the public. Leon Henderson can't afford to let himself be put on the spot that Harold Ickes was on with gasoline last summer.

(14) The only groups fighting to release the sugar earmarked for alcohol are those who would benefit directly in getting alcohol from grain instead—not to mention the consumer who is taking it on the chin but doesn't know what it's all about.

The whisky distillers see a chance to capitalize on the war effort to gain public good will. As for sacrificing production of whisky for the duration, the enhanced value of dwindling whisky stocks would go far to make up for any profit that might be lost in distilling alcohol instead of whisky.

• **What Won't Be Revealed**—What a congressional investigation will not bring out is that the move for such an inquiry is not wholly inspired by sympathy for the sugar-consuming public but by a farm bloc which has its eye on increasing demand for grain and perhaps more sugar-coating on the parity price. Strange as it might appear, domestic beet- and cane-sugar interests favor grain alcohol for fear that, in the race to supply an expanding market, the sugar islands will end up with a still larger share.

Mass-Built Ships

Assembly-line techniques used by Maritime Commission on Liberty ships establish new speed records in shipbuilding.

From keel laying to delivery 105 days is now par for building "Liberty" (EC-2) merchant ships. Fastest time during the World War for construction of a comparable ship, the S. S. Clifford, was seven months and 24 days, or about 234 days.

Mass production, organized almost to the perfection and detail of an automobile assembly line, accounts for today's record—the fastest shipbuilding in history. Mass production means complete interchangeability of parts, plus coordinated delivery and distribution of them. It also means welding, for one welder can close as much seam as three men riveting. Today's ships are 85% welded, only 15% riveted. Welding also saves steel and cuts the ship's weight, because there is no overlap of plates.

• **Parts from All Over**—More than 500 parts makers in 32 states are feeding parts to Liberty "assembly plants"—ways on both coasts and the Gulf. Life boats, for example, come from a town in Indiana.

Twenty different firms are making the 2,500 h.p. upright reciprocating steam engines—some as few as six, some as

many as 100. Reciprocators were chosen because turbine capacity is all sewed up by the Navy; the electric power industry, and the Maritime Commission, which uses turbines on ships other than the Liberty models in its building program. There is no bottleneck in engines, as reported by some newspapers. Sometimes an engine is delayed a few days in delivery, but in such event the crew simply moves over to another way.

• **Assembly Is Yard Job**—Not many sub-assemblies are shipped to the ways; it is easier to assemble parts right in the yards, where hoists and other equipment are available. Biggest parts shipped are engines and boilers.

Builders buy nothing. The commission buys all parts in volume for economy. Also centralized purchasing gives the commission complete control over the flow of materials to the ways and avoids overloading any parts contractor.

The cost of a Liberty ship, originally figured at \$1,500,000, has climbed to about \$1,750,000, due to wage and material-price increases. This is exclusive of the builder's fee of \$110,000. He can get \$30,000 plus in bonuses, for speed and perfection or can lose up to \$50,000 for delays and waste. The builder can't make any very big mistakes because the commission's inspectors are nosing around constantly.

• **Commission's Own Show**—On its Liberty program, the commission didn't wait for companies to consider building yards. It built 144 of them, mostly adjacent to established shipbuilders' properties. The commission owns the land, all equipment and the fully outfitted shops. Shipbuilders can acquire the yards under an amortization agreement; none has done so as yet, but some have expressed interest. In most cases,

the shipbuilders built the ways under commission contract.

• **Emphasis on the Liberties**—In addition to Liberty ships, the commission, of course, builds its regular C-1, C-2, and C-3 ships; tankers and other cargo ships. Of the total 1,800 ships scheduled for delivery in 1942 and 1943, 1,000 are Liberties. Somewhat slower than the 15½-knot C ships, the Liberty is 441 ft. 6 in. long, has a beam 57 ft., a depth 37 ft. 4 in., and a cargo capacity of 9,146 tons. It burns oil and is powered by two of the 2,500 h.p. engines.

Rear Admiral Emory S. Land, commission chairman, calls them "five-year competition" ships, but they will float and work for 20 years, if anybody wants them that long.

• **A Personal Triumph**—Admirals Land and Howard Vickery, vice-chairman, are the men who bulled the mass production job through, despite all opposition. To all mossbacks who said, "You can't do that," they said, "You must." Behind Land and Vickery was Roosevelt, who in 1938 drove the merchant ship act through the House by a margin of eight votes. It was essentially a war weapon which would have got nowhere at that time except for the appeal that it would put the U. S. back on the trade routes. Commission officials figure that the U. S. is now more than equal to the rest of the world combined in "active" shipbuilding capacity. They figure Japan's building rate at 350,000 gross tons a year; Britain at 1,500,000; the U. S. at 5,500,000 to 6,500,000.

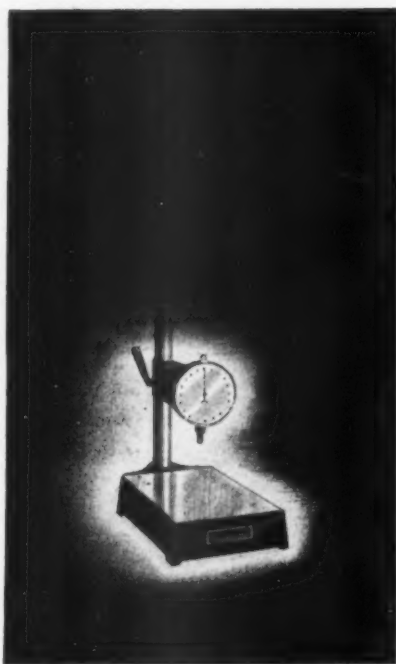
DENVER LAUNCHING

Denver's first ship was "launched" 1,200 miles from open water last week



One of the 500 firms now supplying parts for Liberty ship "assembly lines" is one of Pullman's shops which for-

merly turned out freight cars but now makes ship sections which go on flat cars a few miles to the ways.



$\pm \frac{1}{10,000} \dots$ AT WHAT
TEMPERATURE?

Precision parts which pass inspection today may be misfits on the assembly benches tomorrow. Why? Because ordinary temperature changes cause expansion or contraction which may even exceed tolerances.

To speed precision finishing and assembly, air conditioners maintain uniform temperature in many vital plants today. "Artificial weather" aids production in other profitable ways, too. It solves rust and corrosion problems; ends dust troubles; makes workers more comfortable and productive; pays its way by increasing man and machine output and by decreasing spoilage and rejects.

But—it takes the right air conditioning system to give maximum benefits economically . . . a system that's tailor-made to meet your particular needs. That usually means decentralized units rather than a central system. Decentralization gives flexibility. It permits meeting ideally the often divergent needs of various departments, and allows weathermaking to be suspended, for economy, when a department is closed. It localizes the shutdown should a unit be damaged. It permits quick, easy installation, usually without ducts.

Because no two problems are alike, it's wise to consult a locally experienced expert when you're considering air conditioning. You'll find the resident Fairbanks-Morse engineer an ideal collaborator. The completeness of the F-M line frees his judgment from bias. To meet him, simply write Fairbanks, Morse & Co., Dept. C131, 600 S. Michigan Avenue, Chicago. Branches and service stations throughout the United States and Canada.



FAIRBANKS-MORSE
Air Conditioners

in the form of several carloads of steel plates and shapes comprising the hull of the Mountain Maid, an escort vessel, to be finished at Mare Island Navy Yard. Simultaneously it was announced that Navy officials, satisfied with the speed with which eight small steel-working firms have acted in concert to make hull frames and plates, would greatly expand the Denver program. Present order is for parts for the hulls of 24 escort vessels.

Denver firms participating have set up a central pickling vat and assembly yard in an old railroad shop. They cut, drill, and bend the parts to specification in their separate shops. The program has only been under way since last December (BW—Dec.13'41,p22).

For "launching," Miss Jean Alley, WPB stenographer, smashed a bottle of snow water from the mountains on the edge of a gondola car containing part of the Mountain Maid's hull plates. Simultaneously, a nearby crane operator dipped four tons of ribs for the Mountain Maid's successor into the pickling bath.

Slogan posted on the gondola: "Pikes Peak to Tokyo, or bust!"

A Blow to Rails

Not only do they fail to win freight-rate increases that they hoped for but they also have to reckon with OPA.

Railroads were grievously disappointed by announcement this week that the Interstate Commerce Commission would limit freight-rate increases to percentages ranging up to a top of 6% over present schedules and that the Office of Price Administration would fight to retract or modify even these boosts.

• **Hopes That Were Dashed**—Carriers wanted to boost rates an average of 10% as an offset to the wage increase of about \$325,000,000 annually (on the basis of last year's payrolls) which railroad unions won late last year (BW—Dec.6'41,p96). When the ICC on Jan. 21 approved passenger-fare boosts of 10%, railroads figured that a similar, or nearly similar, boost in freight rates was in the bag. The action last Monday, therefore, came as a surprise. Under the new schedules, applicable both to railroads and to water carriers, a 3% upping of the freight rates on agricultural products, livestock, and products of mines will be permitted, effective as soon as the carriers are able to prepare and publish new schedules—probably in about three weeks. The jump in rate for most other commodities is 6%. No increase was approved on iron ore. These increases, subject to change by the com-



In the presence of Senator Josiah Bailey and Admiral Emory S. Land, Mrs. Henry A. Wallace last week unveiled the Victory Plaque, an emblem pattern for U. S. Maritime Commission's Victory Ships (page 19).

mission, will apply until six months after the end of the war. The ICC estimates that the rise, at last year's traffic, will produce about \$200,000,000 annually in additional revenues.

• **OPA's Position**—Fearing that increased rates would be passed on by shippers in the form of higher prices, OPA has been preparing briefs which call for modification of increased rates and other adjustments even below present levels.

Dr. G. Lloyd Wilson, director of OPA's transport division, is also head of the rate division of the recently organized Office of Defense Transportation (BW—Jan.3'42,p20). ODT, accordingly, joined with the OPA in preparing briefs protesting higher tariffs. In return for the agreement of OPA not to oppose any rates until the ICC decision was published, the railroads set up a committee of 21 railroad vice-presidents, which is scheduled to convene in St. Louis this week with OPA and ODT representatives to prepare a compromise rate schedule.

• **Good Earnings**—Meanwhile, railroads report that near-capacity operations are resulting in good earnings. Class I railroads in January reported combined net income after interest and rentals of \$25,700,000 as compared with net income of \$19,700,000 for January, 1941. Gross revenues during the first month this year were \$103,000,000 more than in January, 1941. That only \$6,000,000 of this huge boost was carried down into net operating income was the result of increases of 29.7% in operating expenses and 42.7% in taxes over the two periods.

"Unforeseen events . . . need not change and shape the course of man's affairs"



TENDER THOUGHT...BUT NOT LEGAL TENDER

Flowers speak a language of their own.

Nothing else could ever say, "We're thinking of you," so simply . . . so sincerely.

But when you are lying still, convalescing from an accident, your thoughts sometimes turn to serious things . . .

"What will the hospital bill be? . . . Will I have enough money to pay the doctor's fee? . . . My pay check stops next Friday . . . What will the family

do until I get back on my feet again?"

This state of mind is often the most painful consequence of an accident—but it need not be.

You can have assurance of ready cash and a continued income by taking out a Maryland accident policy now.

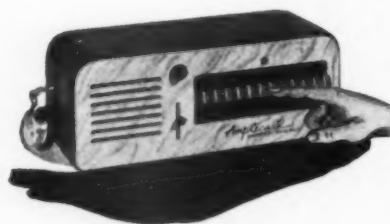
This protection may mean many hundreds of dollars to you — just when you need it most. Maryland Casualty Company, Baltimore.

THE MARYLAND

Practically every form of Casualty Insurance and Surety Bond, for business, industry and the home, through 10,000 agents and brokers.



Walls don't mean a thing to AMPLICALL. Nor do busy switchboards or missing messenger boys. There's no walking, no waiting, no wasting when your business uses AMPLICALL—the split-second Intercommunication System. At the merest touch of your finger, you're in instant talking reach of every individual, every department of your business! Amplicall saves you time and money; it conserves energy, coordinates operations, gets your ideas and orders into action in seconds, prevents costly delays and errors, relieves busy switchboards. Don't walk—don't wait—don't waste—use AMPLICALL, the modern Intercommunication System!



AMPLICALL is used in thousands of American offices and plants. AMPLICALL is flexible, easy to install, easy to use. It is inexpensive initially and economical to operate—pays its own way every day. No matter what your business may be, there's an AMPLICALL System for your needs. Write us today for complete details.

Rauland
RADIO-SOUND-COMMUNICATIONS

(WEBSTER-RAULAND SOUND DIVISION)
4245 North Knox Ave.
Chicago, Illinois, Dept. 1-M.

Send us full information covering Amplicall Intercommunication Systems.

Name _____
Address _____
City _____ State _____

More Light Metal

WPB asks another huge increase in production of both aluminum and magnesium. Plant for fabricating a problem.

Dimensions of the war production program for aluminum and magnesium stand out sharply in the latest expansion plans, announced last week by William L. Batt, War Production Board director of materials. Aluminum output will be stepped up to 2,100,000,000 lb. annually, magnesium to 725,000,000 lb.

• **How Goals Have Risen**—Aluminum and magnesium were the first industries to be placed under formal priorities. Expansion is an old story to both. The original production schedule for aluminum called for annual output of 850,000,000 lb. Expansion No. 1 raised the goal to 1,450,000,000 lb. Expansion No. 2 last week increased this 45% by piling on another 640,000,000 lb. This latest stepup alone is equal to twice the United States' total aluminum production in 1939.

The original "defense" program production schedule for magnesium called for annual output of 400,000,000 lb. Last week's expansion ups this 81%. This new increase of 325,000,000 lb. would push total annual production to more than 60 times 1939 capacity of about 12,000,000 lb.

• **Earmarked for Aircraft**—Bulk of the metal provided by the new program will go to the aircraft industry which faces schedules calling for 60,000 planes this year, and 125,000 planes in 1943. If expansion of fabricating facilities can keep pace with production of raw ingots, plane manufacturers will receive aluminum structural parts without delay.

Batt expects installation of new ingot capacity to be completed early in 1943, but he anticipates trouble in building up new fabricating facilities. Processing plants cost about twice as much as the facilities producing the raw materials they handle. It is probable also that the demands of other war industries will take materials needed for fabricating machinery.

• **Cost Largely Ignored**—Cost of increasing aluminum capacity by 640,000,000 lb. will be about \$350,000,000. WPB makes it plain that the primary consideration is to get the greatest quantity of material in the shortest possible time. Cost is secondary.

Full production on the original aluminum program (850,000,000 lb.) will be approached this May, and completion of facilities for the next step (up to 1,450,000,000) is expected by the end of the year. Contracts with the Aluminum Co. of Canada call for imports of 250,000,000 lb. this year and 450,000,

000 lb. next year. United States supply thus will approach the 2,500,000,000-lb. rate sometime in 1943.

• **Nothing for Pots and Pans**—Although peak peacetime consumption took only 330,000,000 lb. of aluminum annually, Batt emphasized that the new program makes no provision for a surplus over government requirements. Production of the full quota on schedule would leave a small margin over aircraft requirements, but if the installation of fabricating facilities lags, even plane manufacturers may have trouble getting supplies on time.

To add 640,000,000 lb. to aluminum output, electrolytic plants must reduce about 1,300,000,000 lb. of alumina to the pure metal. As it takes about 10 kw.-hr. to make a pound of aluminum, this will create a demand for some 1,000,000 kw. capacity of electric power, making allowance for line losses, available 24 hours a day (page 24).

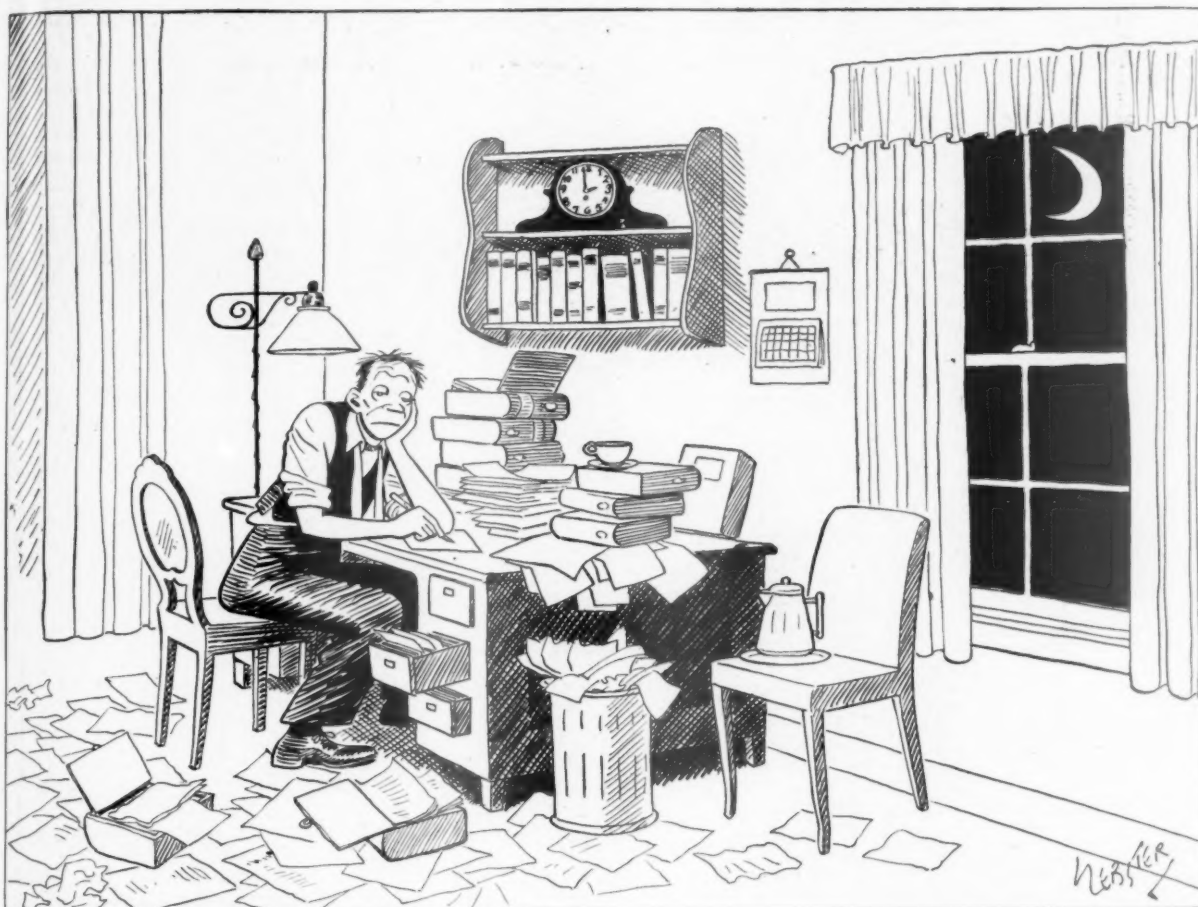
• **Plant for Magnesium**—Magnesium producers have completed installation of about 54,000,000 lb. of the initial 400,000,000-lb. production schedule. Contracts have been let for a large part of the 325,000,000-lb. increase just announced.

Six American companies have contracted to construct plants which will produce 157,000,000 lb. of the additional output, using the ferro-silicon process. It is likely that another 24,000,000 lb. will be assigned to producers using this method. All but one of the new plants will use gas as a power source instead of electricity. Plants of this type can be completed more rapidly than electrolytic facilities, and they do not add to the demand for electric energy. Cost of operations will probably be higher in this type of plant, but construction expense will be lower.

• **New Brine Wells**—New deposits of brine containing magnesium salts, recently discovered in Michigan, will be developed by electrolytic plants with a capacity of 144,000,000 lb. annually. This will account for the balance of the expansion just announced.

Production by the Hansgirk Carbo-Thermo process will not be expanded. Following experiments with this method at the Permanente Metals Corp. plant in California (BW—Nov. 22 '41, p. 35), this decision seems to indicate that WPB considers the process still unsuitable for large-scale application.

• **Magnesium's Field**—Magnesium always has been in military demand because of its usefulness in flares and star shells. Recent developments in warfare have multiplied its uses. Incendiary bombs are made with a magnesium casing, which burns quietly and persistently. Technological progress in alloying also has increased its use in structural parts. Its value in aircraft manufacture stems from a combination of toughness and light weight (it's the



The dilemma of C. Edward Lasher

C. EDWARD LASHER'S discomfort is the result of having said to himself: "I won't ask an agent to help me plan my life insurance program. I'll do it myself!"

What steps would he have to take... what knowledge must he acquire in order to give himself the service and advice he would ordinarily get from an agent?

► First, of course, it is necessary to consider his needs... determine how each of these needs can best be met by life insurance. He could do this by analyzing, just as an agent would, how life insurance has met similar problems in thousands of other cases.

Then, he must study the three basic types of life insurance—Whole Life, Endowment, and Term, each with features especially fitting it for certain purposes, and each more or less interchangeable with the others. He would learn that within these three basic types there are many different kinds of policies,

each designed to help meet some specific situation.

► Which can contribute most to his family's security? Which will best meet his children's educational needs? Which will build him an adequate retirement income? How much is necessary? Maybe, by using the optional modes of settlement available under the various forms of life insurance, one particular policy will answer all his problems.

Also, before determining costs, he must find the class of risk in which his occupation places him. He should

study the various methods of premium payment to learn how he could most conveniently keep his life insurance in force.

► If Mr. Lasher did all these things, he might arrive, at length, at some answer to his personal problem. We think that the deeper he delved, the more likely he would be to seek some expert guidance as to the kind and amount of life insurance he should have... advice which requires the knowledge and experience of a trained life insurance agent.

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This is Number 47 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company (A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD • Leroy A. Lincoln, PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



**DEPENDABLE
RED SEAL ENGINES
DOING
AMERICA'S JOB
*Better...Faster***

Dependable Continental workers know America's Real Job calls for ever-increasing production, and they realize their part of this job is to build more horsepower to save more manpower.

With high spirits and firm resolve, they emulate the dependable Red Seal Engines they build and are likewise doing their own important jobs . . . better . . . faster.



**Continental
Motors Corporation**

MUSKEGON MICHIGAN U.S.A.

lightest commercially produced metal). Hence, the stepup in capacity.

The new program, Batt said, will give the U. S. supplies of aluminum and magnesium far beyond anything the Axis can hope to acquire. German production in 1940 is estimated at around 530,000,000 lb. of aluminum and 42,000,000 lb. of magnesium. Other resources available to the Axis increase supplies by about one half but leave them far below the American goals.

Less Spare Power

Pinches will be felt in many areas as rising demands of war industry cut down normal oversupply of kilowatts.

Power supply has lived down frequent alarms that shortages would throttle war production. Power has continued to flow while many other essentials supposedly available in abundance have turned out to be terribly short.

That's the picture for the first 20 months of girding for war. Now, however, there are multiplying signs that occasional shortages of electricity are just around the corner in many a hamlet, town, and metropolitan area.

• **Deliberate Loading Up**—The reason is that the War Production Board is deliberately, out of necessity, loading up demands for energy which cut into facilities that utility systems normally operate as spares to insure continuity of kilowatt-hour flow. Because these war loads have precedence, this means that ordinary commercial and residential customers will have to ride the spares part of the time.

Biggest example of this overloading of utility systems is WPB's plan to locate huge aluminum plants in probably three Atlantic coastal metropolitan areas—New York, Philadelphia and Boston. This is the spectacular exhibit, but in a smaller way the loading-up process is occurring in more and more areas throughout the nation.

• **No Time to Build More**—WPB has been forced to this policy because earlier plant expansion of electro-process production has gobbled up every big chunk, reserve or otherwise, of low-cost power, and there isn't time to build more.

This doesn't mean, however, that there will have to be very many, or very prolonged, curtailments of normal electrical consumption in homes and stores. There is little reason to expect that civilian consumers will have to surrender electricity as they have tires.

Electricity isn't a commodity like copper or steel or rubber where the available supply can be determined in concrete terms and the minimum needs stacked alongside for a comparison of

the two heaps. Actually, the power problem is two problems, one of kilowatts and one of kilowatt-hours. That's why it's so easy for the same batch of figures to be twisted into both a surplus and a shortage.

• **Peaks and Valleys**—Kilowatt-hour consumption comes in jerks, causing sharp peaks and valleys in the demand on the available kilowatts during the day and over the year as a whole. Ordinary practice is for a utility to have actually spinning an oversupply of kilowatt generating capacity equal to the biggest unit on the line. Thus, if any unit breaks down, the other units automatically absorb the extra burden.

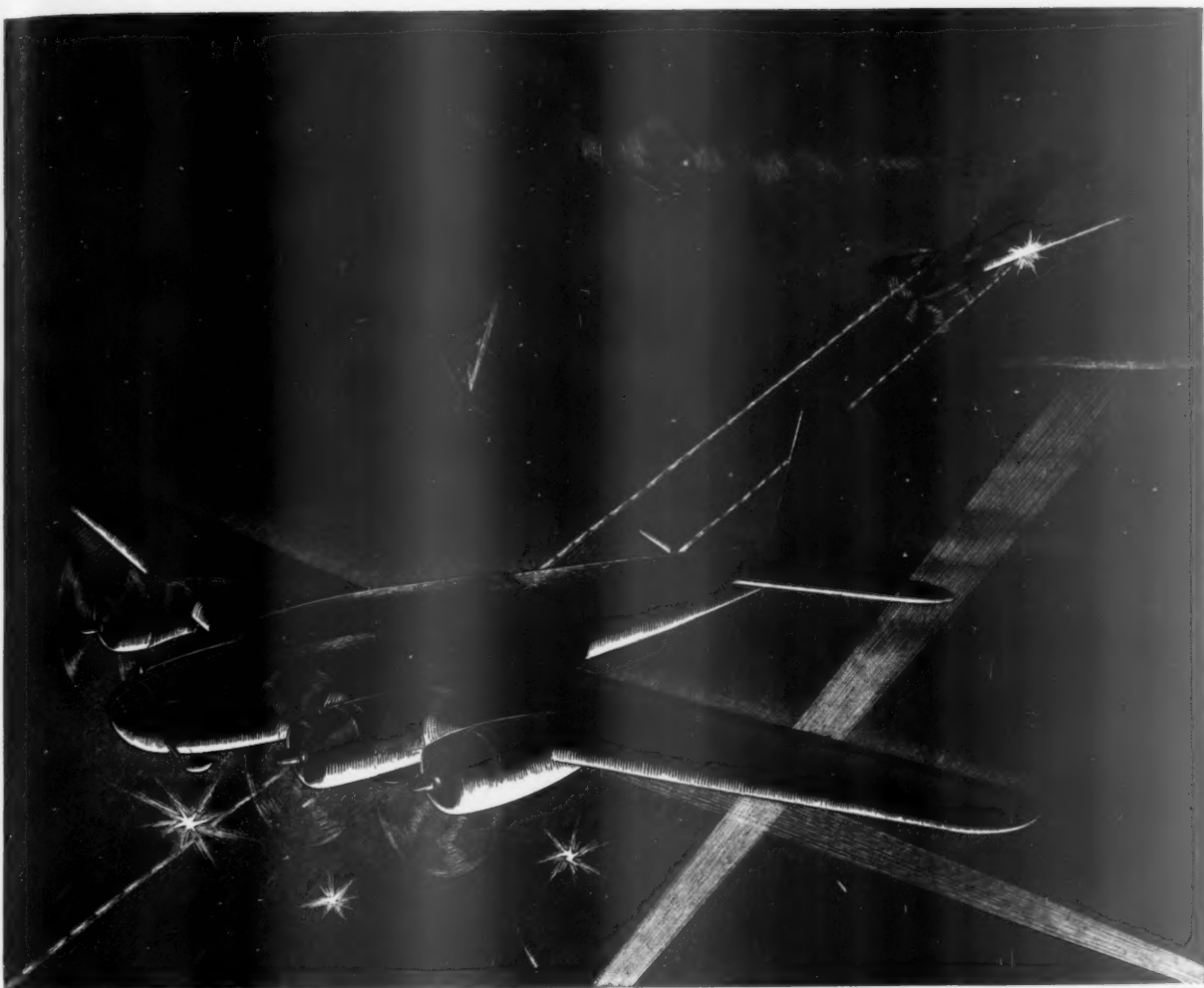
Aluminum plants, however, require a steady continuous supply of kilowatt hours and these and similar war plants soon will add so much load to the systems serving them that there won't be enough capacity during the peak kilowatt-hour consumption periods to allow operation of the normal oversupply of kilowatts.

• **Curtailement Programs**—Partly, this situation will be met by curtailment programs affecting nonessential uses—such as display signs, etc.—during the peak periods, accompanied by publicity campaigns for voluntary individual restriction of electrical use as a personal sacrifice to the war effort. There won't be, however, any deliberate pulling of switches plunging homes and shops into darkness for protracted periods.

Mostly, however, the lack of normal oversupply of kilowatts in operation can be met by arrangements, in emergency, to pull for brief periods the switches of industrial consumers of big blocks of power. Even the aluminum pots can be cut off for periods up to an hour at a time. If the outage is protracted, it will be the nonwar users who will have to get off the line so that the aluminum pots can be put back on.

• **How Restrictions Will Fall**—First casualties will be the signs and decorative lighting which haven't already been dimmed out. If this isn't enough, there is always some industrial load which can be clipped without serious dislocation. Only after these measures would homes feel the pinch—the pattern is well established by the Southeastern curtailment program of last fall (BW—Nov. 8 '41, p16), which never had to be fully applied.

Where is this going to happen? By the end of this year, it will be potentially possible in practically any major utility system area. WPB, however, is not loading up utilities with demands for more kilowatt hours than they actually have kilowatts to serve them. Consequently, except for such items as signs and purely decorative lighting, the power shortages lying ahead will be largely to bridge breakdowns in generating facilities which normally would be protected by spare equipment.



When fighting engines strain against studs of steel



SMALL but vitally important are the steel studs used in assembling the engines of fighting planes. Made of one of the toughest alloy steels, they are unusually difficult to machine rapidly and accurately.

Rejections were running far too high in one well-known plant making these parts. The problem was put up to Shell. Using existing equipment without change, and the recommended Shell Cutting Oil, production speed shot up 50% . . . rejections practically vanished. And cutting tools delivered more than twice as many studs before regrounding was necessary.

Shell men were able to offer this kind of service because Shell Industrial Lubricants are up-to-the-minute in every respect. Yet Shell, realizing that tomorrow's production schedules will present even more difficult problems, is constantly improving Shell Lubricants to meet future needs.

• • •

Have you checked the effectiveness of your lubricants lately? When you use Shell products you can be sure you are getting an advanced, efficient and practical lubrication service . . . a definite help in the greatest production program in history.



★ ★ ★ WAR PRODUCTION SPEEDS AHEAD ON ★ ★ ★
SHELL INDUSTRIAL LUBRICANTS

Converting Miami

Army Air Corps takes over five hotels in resort area for pilot and ground crew training; others lined up.

"Dear Mom," wrote Corporal J. L. Herndon, from his swank \$15-a-day resort hotel room overlooking one of Miami Beach's palm-studded golf courses, "the Army has gone swell all of a sudden, and it's just like the travel folders say."

Corporal Herndon is just one of the first 1,000 Army Air Corps officer trainees—the vanguard of many succeeding thousands—who will live in expensive tourist rooms for which Uncle Sam pays approximately \$10 per man per month. Five Miami Beach hotels—the Boulevard, Dorchester, Allen, Mayfair, and Collins Park—have been leased thus far. Tourist guests were notified at 4:30 p.m. one day to surrender their rooms by noon the next day. That's how fast the Air Corps moved in.

• **Just a Beginning**—The officers' training school, soon to expand into other resort hotels, is "only one phase" of the Army's plans for making military use of the resort city's concentrated guest facilities, according to Gen. Walter R. Weaver, acting Air Corps chief. It is no secret that the Army has surveyed a score of big resort properties, including several large ocean-front hotels that have been bedding sun-hunters at \$25 a room a day. A survey made for the Army by the local defense council shows 70,000 rooms can be had by Apr. 1 in the Greater Miami area, probably the greatest concentration of available hotel and apartment units in the nation.

The Air Corps mass-training of ground crew and officer personnel promises to effect one of the most novel industrial conversions of the entire war program, a conversion which will rescue Greater Miami's huge resort plant from a future which is at best uncertain. In summer the area is sustained by hectic building of more hotels and apartments to house the ever-increasing tourist horde that comes in winter. For years now, this eggs-in-one-basket industry has afforded an agreeable year around economy. That was in peace time. This winter, except for the peak weeks of February, there were scarcely enough tourists in Miami and Miami Beach to rub shoulders. Approximately 65% of all the sun hunters customarily go by auto, using their cars to visit the races, night spots, beaches; tire rationing put a brake on that migration, and tanker sinkings in nearby waters didn't add to Miami's attractions.

• **Meeting the Rent Bill**—Most of Miami Beach's resort hotels operate under

management leases. The Air Corps' proposal came at a time when many lease holders were wondering how they were going to meet their mid-winter payments. Some ocean-front leases run to \$450 per room. Four good months of tourist business are needed to show a return on that basis. The current season was decidedly "off"; subsequent war years did not promise improvement.

Just at this gloom stage John Paul Riddle, large Miami contractor for U. S. Army and R.A.F. pilot training, summoned bankers, chamber of commerce heads, hotelmen, civil defense chiefs, realtors, city officials and publishers to a hurriedly called luncheon. Did the resort area want soldiers? How many rooms were available? When? It was an unofficial inquiry, but an answer was desired that same afternoon. One of the first hotel men to come out of the general tailspin did some simple arithmetic. A 100-room hotel with an annual lease obligation of \$45,000 could take four men in a room at \$9 to \$10 per month per man and get enough cash to meet its obligation. Besides, if Uncle Sam wanted the billeting facilities badly enough he probably could commandeer them. Finally, there was always the possibility that the lessor might be persuaded to consider a downward revision of the contract on patriotic grounds.

• **All in One Fortnight**—Elevator service and other luxurious frou-frou quickly disappeared. Filet mignon became a thing of the past as Army cooks displaced hotel chefs.

Two weeks later Miami Beach had

turned its municipal golf course into a recreation and drill area; golf clubs went out the back door of the clubhouse as administrative desks for the officers' school were moved in. How far the Air Corps will go toward converting Miami Beach's big guest plant to military use probably will remain a military secret, but General Weaver's first "phase" of occupancy is well under way.

Moving the Aliens

Effort to avert economic dislocation is promised. Shifting of Japanese will bear heavily on only a few Coast garden crops.

New and important points stood out early this week in the confusion over evacuation of West Coast aliens.

Prior to announcement of a complete plan for moving Japanese, Italian and German aliens inland from defense centers along the coast, Lt. Gen. John L. DeWitt revealed the general outline of this policy. "Appropriate agencies" of the federal government, he said, have worked out "far reaching preparations" regarding protection of property and the relocation of the aliens.

• **Broad Objectives**—The plan is designed, the general said, to "safeguard property rights, to avoid the depressing effect of forced sales, and generally to minimize resulting economic dislocations." He told officials of inland



Nearly all the fashionable waterfront hotels on Florida's Gold Coast have been surveyed by the Army to billet

Air Corps trainees. Enlisted men find the \$12 a day (tourist rates) rooms quite comfortable, thank you.

35 PLANTS *specify TOCCO* for Hardening Armor-Piercing Shot



Another vital Defense job for TOCCO Induction Heat-Treating



In U. S. A., Canada and England, more than 35 contractors have specified TOCCO Induction Heat-Treating for *speedy, high-quality* hardening of armor-piercing shot. Some of the advantages of this new, simplified electric hardening

process for this vital production assignment:

Minimizes rejects. No cracking problems. Split-second accuracy assures uniform results. Shot individually treated, eliminating risks of conventional batch treatment.

Doesn't require skilled labor. Simplified, automatic control permits use of girl operators,

conserving skilled labor for other Defense work.

Can be installed in assembly line because unit is clean, cool, compact (only 7 ft. x 5 ft. max.).

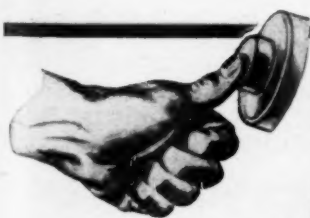
Matches production requirements. Makes possible outputs of hundreds, thousands or tens of thousands daily, depending on number of TOCCO units used and their size (20 to 125 K.W.).

For peace-time, too. 99% of TOCCO Jr. machines for Defense jobs are *standard*—adaptable to peace-time jobs by simply changing the work fixture.

Our production of TOCCO machines has been expanded 600% to meet vital defense demands. We're at your service!

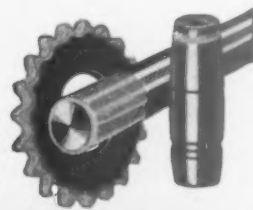
THE OHIO CRANKSHAFT COMPANY
Cleveland, Ohio

SPEEDY ELECTRIC HEAT IS GENERATED WITHIN
THE SECTION TO BE HEAT-TREATED



TOCCO

World's Fastest, Most Accurate Heat-Treating Process



states who have protested location of evacuated aliens within their borders that their protests "cannot and will not be heeded." After hearings in Coast cities, John H. Tolan, chairman of the congressional committee investigating

enemy aliens, last week end asked President Roosevelt to "appoint immediately a coordinator for all problems involved in evacuation from Pacific States as well as an alien property custodian."

New facts on the alien situation in



STYLES FOR WAR-TIME

What a hard-boiled plant foreman would say if this pageant of beauty deserted Chicago's Merchandise Mart to report for work in their model service uniforms—open-toe sandals and all—can be imagined. At style shows, anyway, the proper uniforms for vari-

ous vocations are (l. to r.) machinist, drafting, civilian defense, mechanic, phone operator, gardener, carpenter, and timekeeper. Featured at Coward Shoe Co.'s spring fashion preview (below) were 61 styles for women's war-time activities—from machine-shop work to air-raid patrolling. Women in war service work served as models.



Washington State were revealed at the Tolan Committee's Seattle hearings last week. Gov. Arthur B. Langlie said that of 14,000 Japanese in the state 9,600 are in Seattle and another 2,000 in the neighborhood of Tacoma. Both are areas where shipyards and airplane plants are located. Floyd Oles, manager of the Washington Produce Shippers Assn., a vegetable growers' cooperative in which many Japanese are financially interested, told the committee that Japanese farmers "properly supervised are no detriment to public security."

While all business is decidedly interested in the problem of getting enemy aliens inland and deciding what to do with them after they are resettled, chief interest is in what effect the shift will have on agriculture, a field in which Japanese were firmly entrenched, especially in California.

A state-wide survey of the California farm situation, made last week by Pacific Rural Press, revealed that the Japanese did not control more than 10% to 15% of the produce business. (About 100,000 cars of vegetables have been shipped annually from California in recent years.) In the big lettuce business, there were few important Japanese shippers. In the cantaloupe business, there was only one major firm operated by Japanese.

♦ **Asparagus Is Affected**—Asparagus is likely to be hard hit. Japanese were important factors in that crop and the situation has been complicated by the fact that field work on asparagus has been done largely by Filipinos, who quite understandably have been refusing to work for Japanese owners.

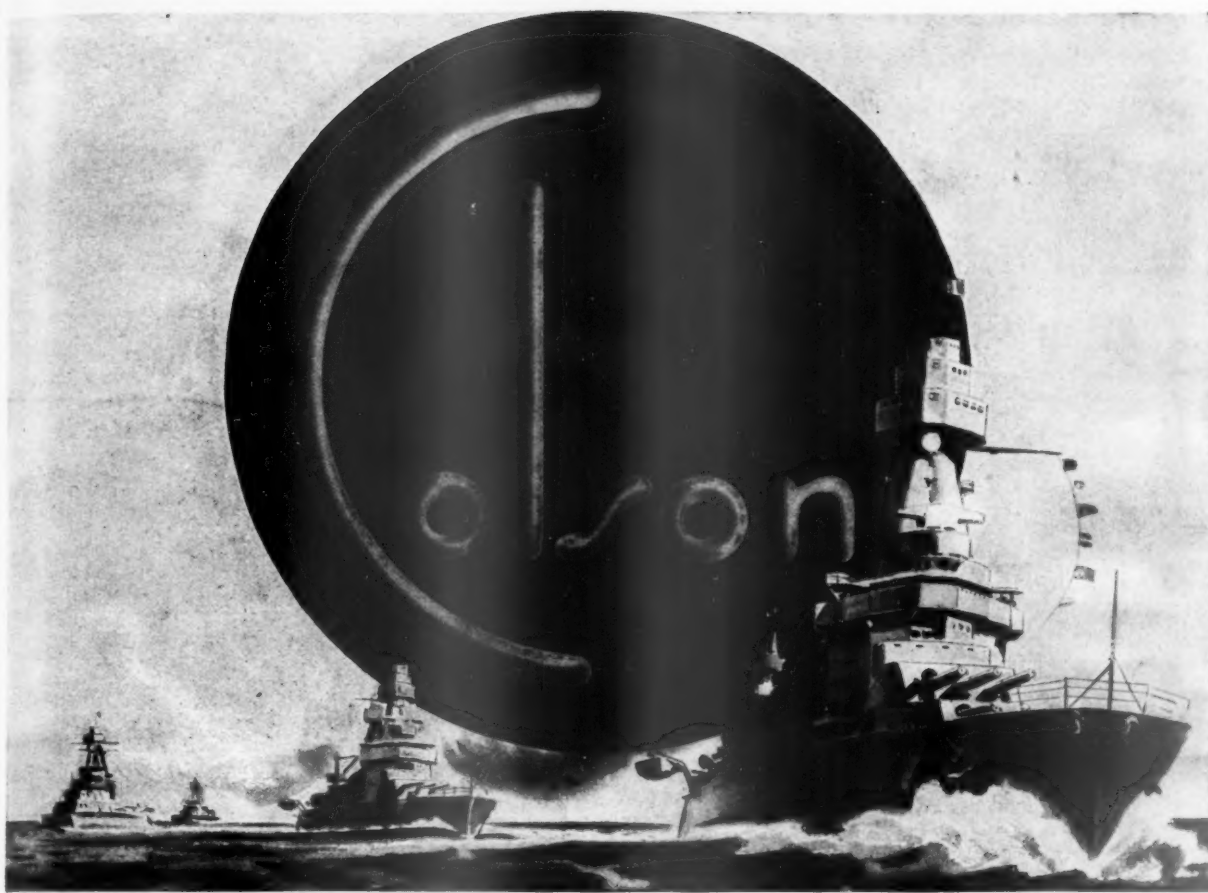
Of the 10,000 cars of carrots shipped annually from the Golden State, not more than 15% are produced by Japanese. About 20% of the 4,500 cars of tomatoes are Japanese-raised. No Japanese are reported among the producers of the 8,000 cars of potatoes shipped. Lumping cauliflower, broccoli, cabbage, asparagus and peas together, it is estimated that Japanese farmers accounted for 25% to 30%.

♦ **Out of Their Field**—The Japanese were no factor at all in production of citrus and deciduous fruits, grain and hay crops, or the dairy and livestock industries, with the possible exception of the poultry business, which included a few Japanese as commercial producers.

By and large, the Japanese in California are gardeners rather than commercial farmers, operating relatively small acreages, using family labor, and supplying quick, cash crops, principally to Los Angeles and Oakland markets.

CORRECTION

Fortnight ago, Business Week presented figures showing rent increases in almost two hundred cities and towns



ACTION *for Victory*

Products that bear the Colson name are designed to keep things *on the move*.

So Colson casters, wheels, industrial trucks, and lift-jack systems *get action* in the handling of parts and supplies used in all manner of defense industries. Carried on Colson equipment, raw

materials, goods in process, and finished parts move in...through...and...out...more quickly.

If you are a defense supplier, tell us your requirements. We'll do our utmost to help you with the essential Colson equipment that will keep things rolling.

THE COLSON

ELYRIA

Offices and Agencies

Casters • Industrial Trucks and Platforms • Lift Jack Systems • Bicycles • Children's Vehicles



CORPORATION

OHIO

in Principal Cities

Wheel Chairs • Wheel Stretchers • Inhalators • Tray Trucks • Dish Trucks • Instrument Tables

COLSON PRODUCTS FOR INDUSTRY... FOR INSTITUTIONS... FOR THE PUBLIC



Casters: Light, medium and heavy duty models for every industrial need.



Materials Handling: Industrial trucks, steel or wood platform hand

trucks, drum handling trucks, Colson lift jack systems.



Wheel Chairs: A complete line for hospitals, other institutions and individuals.

Tray Trucks, Wheel Stretchers, Dressing Carts and many other time and labor saving items for hospitals.



Schools, restaurants and hotels find Colson laundry trucks, dish and tray trucks, mop trucks and hand trucks valuable equipment for every department.

Bicycles and Children's Vehicles

The public has long enjoyed the Colson line of bicycles and children's vehicles.



We will make as many as we can but **VICTORY COMES FIRST.**

(BW—Feb. 21 '42, p. 26). Figures in Table I were computed from the regular Bureau of Labor Statistics reports on rentals paid by low-salaried workers in 34 major cities. Since the wrong BLS report was used in computing fluctuations between Mar. 15, 1940, and Dec. 15, 1941, the resultant figures were also in error. The correct figures are supplied below. All other figures—those in Table II which were based on reports from the Office of Price Administration were correct as originally published.

City	% of Increase	City	% of Increase
Atlanta	2.0	Milwaukee	4.5
Baltimore	8.4	Minneapolis ...	1.0
Birmingham ...	15.0	Mobile	23.5
Boston	3.3	New Orleans....	2.5
Buffalo	8.0	New York.....	0.4
Chicago	3.6	Norfolk	16.0
Cincinnati	1.8	Philadelphia ...	2.5
Cleveland	8.2	Pittsburgh	1.8
Denver	1.6	Portland, Me....	2.2
Detroit	9.0	Portland, Ore....	6.0
Houston	0.7	Richmond	1.0
Indianapolis ...	8.1	St. Louis.....	2.7
Jacksonville ...	12.0	San Francisco...	1.6
Kansas City....	4.6	Savannah	8.8
Los Angeles....	1.2	Scranton	0.1
Manchester	4.5	Seattle	10.6
Memphis	8.3	Washington	1.3

THE BULGING GRANARY

Stocks of commodities held by the Commodity Credit Corp.—and held over market prices, if you listen to the congressional farm bloc—now are worth over \$1,400,000,000. This includes some parcels that are now in process of sale, and such sales are what Congress would block if they are at levels below 100% of parity. Much of this ever-normal granary stock is owned outright; the remainder is impounded as collateral for loans. Quantities owned and on loan (000 omitted) with values are as follows:

Commodity	Quantity	Value
Barley (bu.)		
Owned	73	\$ 41
On loan	15,823	6,274
Corn (bu.)		
Owned	144,639	110,142
On loan	249,656	167,821
Cotton (bales)		
Owned	5,439	324,804
On loan	1,858	129,710
Rubber (tons)		
Owned	90	34,498
Rye (bu.)		
Owned	1,133	760
On loan	3,068	1,487
Tobacco (lb.)		
Owned	277,499	74,384
On loan	61,143	8,462
Wheat (bu.)		
Owned	167,432	151,079
On loan	350,676	343,492
Other Commodities		
Owned		58,444
On loan		11,354
Total		
Owned		754,156
On loan		668,604



SCRAP MINE

Employing mining machinery and a crew of seven men, Arthur W. Hud-

son recovers 15 tons of metals monthly from an old city dump in Los Angeles (BW—Jan. 31 '42, p. 57). Each 100 tons of trash nets 1,000 lb. of metals.

That Farm Battle

Administration wants to hold down grain prices so as to encourage meat output, but it's finding Congress tough.

The Commodity Credit Corp. received a left-handed testimonial to its power last week when the farm bloc opened a determined campaign to forbid CCC to sell stocks of agricultural products below parity prices. The importance of the issue to farm interests can be gaged by the fact that the Senate defied a direct appeal by the President and passed a bill laying the restriction on CCC sales. Moreover, faced with a veto, farm congressmen at once threatened to tack the measure onto arms appropriation bills as a rider.

• **Farmers Smell a Rat**—Behind the stubbornness of the farm bloc is a conviction that CCC policy has been an important factor in holding down prices on several major agricultural commodities. In January, Congress wrote a restriction into the price control bill which guaranteed that the ceiling on their products would be no lower than 110% of parity (BW—Feb. 7 '42, p. 18).

Leaders of the bloc in Congress now insist that what the government was forbidden to do by direct action it has achieved indirectly by selling CCC stocks below parity.


Particular points of controversy are corn and cotton, wheat to a lesser degree. At the beginning of the year CCC owned outright about 144,639,000 bu. of corn, 5,439,000 bales of cotton, and 167,432,000 bu. of wheat. In addition, it held as collateral for loans some 249,656,000 bu. of corn, 1,858,000 bales of cotton, and 350,676,000 bu. of wheat.

• **CCC in Strong Position**—In comparison with an ordinary year's production, CCC stocks are large enough so that liquidation should set an effective ceiling on prices, at least in the short run. Corn owned or held as collateral is about 17% of a normal harvest, cotton 55%, and wheat 69%. This is one of the few times that the CCC has had a chance to open the doors and let any of the ever-normal granary's surpluses run out—and it's as glad to do that as it is to aid in the drive to restrain prices.

During last January, CCC marketed some 50,000,000 bushels of corns, at prices ranging from 75¢ to 85¢ a bu. Parity price on Jan. 15 was 93.7¢ and actual market price was around 72.7¢.

AS BOMBERS LAY HELL-BORN "EGGS"

OUR WAR PRODUCTION IS GAINING PRECIOUS HOURS
WITH THE HELP OF BULLDOG "PLUG-IN" LIGHT AND POWER



IT'S NOT alone economy or safety, it's not alone ease of installation or movability, it's not alone asset value or 100% salvability that are daily causing more and more major war production industries to equip new plants and modernize old ones with Bulldog "Plug-In" Light and Power Distribution Systems.

Great as these Bulldog advantages are, there is still another outstanding Bulldog advantage which leads them all in importance at this time.

That advantage is time saving — precious minutes and hours gained on the production line.

With Bulldog Bus Duct Systems you don't go back to a centralized switchboard or panelboard when you add a new machine or change the location of an old one. You don't waste hours tracing wires if one machine "shorts" and stops the whole production line. You don't keep electricians busy trying to get adequate lighting for each machine.

Three Time-Saving Bulldog Systems

Bulldog BUStrIbution DUCT, for Power, takes power right to the individual machine, where it is tapped off quickly and easily with various types of protective plugs. Bulldog Industrial Trol-E-Duct, for Production Lines and Assembly Benches, furnishes mobile power and support for portable tools. Bulldog Universal Trol-E-Duct, for Light, permits instant movability of lights or the addition of new ones in a few minutes.

Widely used with these three systems are all the time-tested Bulldog standard products — Vacu-Break Safety Switches, SafToFuse Panelboards, Circuit Master Breakers, Switchboards.

To learn how you can have ready light and power wherever and whenever you want them, write for bulletins 403 and 412 describing Bulldog "Plug-In" Flexible Electrical Distribution Systems. Better yet, ask to have a Bulldog engineering representative call on you.



Bulldog "Plug-In" type BUStrIbution DUCT with individual protective plugs for each machine carries power to this battery of lathes in an industrial plant which is manufacturing scientific equipment for the United States Army and Navy.

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ELECTRIC PRODUCTS CO.

DETROIT, MICHIGAN

Bulldog Electric Products of
Canada, Ltd., Toronto, Ontario



ORIGINATORS OF FLEXIBLE ELECTRICAL DISTRIBUTION SYSTEMS FOR LIGHT AND POWER



"Curved time—"

- philosophy by Einstein
- performance by Pitney-Bowes

The rotary die of the Postage Meter prints any kind of postage for any kind of mail . . . far faster than sticking stamps by hand! Seals envelopes at the same time . . . tosses off one of the most tedious and unsanitary office tasks in a matter of minutes . . . saves mailing time (and mail-transit time)—for metered mail, already cancelled and post-marked by the meter, skips two postoffice operations, gets your mail to earlier trains and planes.

Saving time and effort for

both the postoffice and you . . . the Pitney-Bowes Postage Meter also saves postage; places the right denomination at your very fingertips; does its own accounting—automatically; protects postage from waste, loss, theft or "borrowing"; will even print with your postage a slogan for National Defense! Thousands of firms, large and small, find the Postage Meter invaluable today . . . Our branch offices, located in principal cities, are at your service.



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HOUSING HEAD

John B. Blandford, Jr., who is now assistant director of the Budget Bureau, has been named to head an agency which will merge 16 existing governmental housing enterprises in one department (BW—Feb. 28 '41, p. 8).

In the same month, CCC disposed of some 28,000,000 bu. of wheat at about 90% of parity prices. Most of the cotton sold went at prices that were about equal to parity, but discounts were allowed to producers of bagging and insulation.

• **Weapon Against Inflation**—CCC is now playing a part in the government's campaign to head off inflation, and its pricing policies are formed with a careful eye on the agricultural markets. The Administration is bent on encouraging production of as much meat as possible. Low prices on feed products will encourage raising of beef cattle and hogs. High prices for feed will cut meat output and put a violent upward pressure on its price. Hence, the CCC has unloaded corn at less than parity prices and has offered wheat for feed purposes.

At the middle of February, corn was priced at 76.6¢ a bu., beef cattle at \$9.93 a cwt. This represents 81.1% of parity for corn, 129.6% of parity for beef. This was the price situation President Roosevelt had in mind when he declared that the proposed restrictions would raise the nation's food bill by a billion dollars and invite inflation.

The price situation for the controversial items was this on February 15:

	Price	Parity	% of Parity
Wheat (bu.).....	\$1.049	\$1.299	80.8
Corn (bu.).....	.766	.944	81.1
Cotton (lb.).....	.178	.182	97.6
Hogs (cwt.).....	11.64	10.61	109.7
Beef cattle (cwt.)	9.93	7.66	129.6

• **Watching over Soybeans**—Another kickback from a rise in corn prices would

cut into the soybean supply, an important oil-bearing crop. The government is afraid that if the price of corn rises its efforts to encourage soybean output will be offset by the incentive to plant corn with which farmers are more familiar.

Administration spokesmen declare that parity for farm income is not at stake in the controversy over CCC sales. The farmer receives his parity payments and conservation benefits, designed to give him the income he would receive if parity prices prevailed.

Steel Man Kaiser

Coast "empire" that was vetoed by OPM may develop into a reality. Divorce from Todd Shipyards seen as preliminary.

Rebuffed last spring by OPM, Henry J. Kaiser, bustling builder of Pacific Coast defense projects (BW—May 24 '41, p8) has bounced back into the steel expansion picture. Recent authorization given him by the Defense Plant Corp. to build a \$20,000,000 blast furnace plant in the Los Angeles area revives Kaiser's ambition to establish an independent "steel empire" on the West Coast.

Giving impetus to his elaborate scheme is WPB's resentment toward eastern steel companies because of alleged reluctance to expand their western plants.

• **California Ore Deposits**—To push his scheme to establish an integrated steel plant—blast furnaces, open hearths, and rolling mills—Kaiser, an Oakland (Calif.) construction engineer, has a set of West Coast financiers busy negotiating for the opening up of large iron ore deposits in California's Riverside County. These negotiations are under way with Harlan H. Bradt, president of the Riverside Iron & Steel Corp., who holds a purchase contract on the Great Iron Chief ore deposits of Eagle Mountain.

With iron ore obtained from this source and coking coal supplied from the vicinity of Sunnyside, Utah, Kaiser will be all set for raw materials for pig iron production to come from the DPC-approved blast furnace and from a smaller furnace to be transported from Alabama. This leaves Kaiser free to quicken his present attempt to get WPB and DPC to approve the remaining units of his integrated plant—the steel works and rolling mills.

• **Emphasis on Plates**—In proposing this operation to fit into the West Coast defense pattern, Kaiser will concentrate chiefly on plates, delayed deliveries of which are said to be retarding urgently-needed ship construction.

Bradt, like Kaiser, was once turned



FIRE CAUGHT IN A PINCERS

HERE is how you barricade a blaze so it can't spread into other parts of a factory. In open-end booths or drying ovens, in spaces not equipped with fire-proof doors, you spray fire-killing gas across the openings. The gas is carbon dioxide . . . and fire can't pierce this screen.

This is extra fire protection that may be combined with LUX Built-in extinguishing Systems. The LUX screening nozzles aren't meant for extinguishing. They simply provide a fire-stop. Actual fire extinguishing is handled by LUX Shielded Nozzles within the enclosure. These totally flood the space

with LUX carbon dioxide gas, creating an atmosphere in which fire can't live.

If you have an "open-end" fire hazard in your plant, you can use LUX screening nozzles to knock flames back. Then, in a front-and-rear pincers, quickly overwhelm the blaze in a blast of carbon dioxide snow-and-gas.

ENGINEERING FACTS

LUX Screening Nozzles are used in pairs, opposed in position, laterally. One set of nozzles aims carbon dioxide gas directly across opening, cuts off inrush of air. Second set aims at an inward angle, to dilute oxygen which may penetrate the first screen.



Walter Kidde & Company, Inc.

325 WEST STREET, BLOOMFIELD, N. J.

down by OPM when he proposed a blast furnace plant on the Coast near his ore deposits but he now becomes a party to the new construction program through a joint operation with Kaiser. The details of the partnership have not been disclosed.

● **Reported Arrangement**—Reports have it that Kaiser will take over Bradt's iron ore contract with the Southern Pacific Land Co., with the provision that Bradt will be an active partner in the steel operations. Also, it is said, Bradt is taking the chief part in an enterprise looking to the use of low-cost, petroleum-based coke in the blast furnace, in place of coke coal.

The possibility that the Kaiser group will become iron and steel producers probably was the important reason why Todd Shipyards Corp. and Kaiser this week divorced their joint ownership of shipyards on east and west coasts and the Gulf of Mexico. Apparently by trading their holdings on an east-west basis the two big shipbuilding groups have been completely separated. The Kaiser group now controls California Shipbuilding Corp., Los Angeles; Oregon Shipbuilding Corp., Portland; and yards of the Richmond Shipbuilding Corp. and the Todd-California Shipbuilding Corp. at Richmond, Calif.

● **Who Gets What**—The Kaiser group apparently gets from Todd its 35% interest in Todd-California and its 50% interest in the other three Coast yards.

The Todd Shipyards Corp. gets from the Coast group their 50% interests in

the Seattle-Tacoma Shipbuilding Corp. and the Houston Shipbuilding Corp.; also their 35% interest in Todd-Bath Iron Shipbuilding Corp. of South Portland, Me., and their 30% interest in South Portland (Me.) Shipbuilding Corp.

The Kaiser group consists of Henry J. Kaiser Associates, the Henry J. Kaiser Co., the Kaiser Co., Pacific Bridge Co., MacDonald & Kahn, Inc., Utah Construction Co., General Construction Co., Morrison-Knudsen Co., J. F. Shea Co., W. A. Bechtel & Co., and Bechtel, McCone & Parsons.

Dogfood Crisis

WPB's order forbidding use of tin cans leaves this industry without any easy out. Solution may be found in dehydration.

Canned dogfood, which became a grocery-store item 20 years ago, has grown fast. In 1939 the industry volume was 501,000,000 lb.; by 1941 it had reached about 650,000,000 lb. This week is the first in which, by edict of the War Production Board, the makers of dogfood may no longer can it in tin.

While dogfood is only one among dozens of products affected by WPB's restriction, its difficulty is peculiar. Beer, for instance, can go back to the traditional bottles; oil can be sold in

bulk. But there is no obvious and easy out for dogfood.

● **Perishable Product**—Principal obstacle in the way of maintaining their existing markets is the perishable nature of the product. To keep Rover's coat silky and his midriff pleasantly plump, the better brands include such miscellany of a balanced diet as tomato juice, cod-liver oil, cereal, and soy grits.

Unfortunately for all concerned, such a mixture deteriorates far more readily than a pure ground meat such as hamburger, or even such a relatively simple hodgepodge as sausage. Industry old-timers say that the 1 lb. can became standard because it is no more than a two-day supply for even a small dog, hence does not have time to spoil after opening if kept cold.

● **What the Order Means**—Tin cans are out by WPB order. Glass containers are likewise not available because their use requires metal closures, or rubber gaskets for glass tops. Both rubber and metal are taboo. No containers other than cans and glass jars will permit cooking the product after packaging. Freezing the material runs up the manufacturing cost, means added expenses and risks in shipment and in the retail store.

Sausage casings would be a nice solution to the problem ("Just throw your pup 12 inches of Jo-Jo dogfood") but unfortunately the material would require refrigeration. Selling the stuff in bulk as fresh meat would leave it subject to spoilage, give the retailer *carte blanche* to mix in any odds and ends of his own devising, and would also deprive the product of its hard-won brand identity.

Nationally best-known names in the field are Pard (Swift), Red Heart (Morrell), Rival (Rival Packing Co.), Ideal (Wilson), Ken-L-Ration (Chappel Bros.), and Dash (Armour). These are government-inspected products which sell three for a quarter or so. Big sellers at lower prices include Daily, Strongheart, Calo, and several private brands.

Nobody in the industry will admit knowing the lowdown on human consumption of canned dogfood but the consensus is that where there is so much smoke there must be some fire. Certainly sales have soared disproportionately during hard times in low-income communities, especially down South.

● **Problem of Drying**—Dehydration seems to be the one possible way out, and packers of the higher-priced brands have been working their laboratories overtime to perfect methods of drying that will make attractive merchandise.

After extended experimentation, which is as yet wholly unsatisfactory, one of the biggest canners in the field said the other day, "The pet owner is bound to balk at paying 8¢ for a 3-oz. package of dehydrated food. When she opens it, if it is like the best we have yet produced, it will look like ground-up dirt. When, as per directions, she adds



UTILITY LOADER

With freight space at a premium nowadays, Missouri Pacific Railroad has placed in operation 35 box cars equipped with the new Evans utility loader which promises to increase pay

loads 20% to 200% depending on merchandise shipped. Already in use by Army ordnance plants for transporting bombs (above), the utility loader, manufactured by Evans Products Co., Detroit, positively locks goods in place, prevents load shifting.

This is Fred Allen's horse...



EVER wonder how Fred Allen manages to ride into your home every week and emerge life size and full voiced from your radio?

The "horse" he rides is a big radio transmission tube like the one shown above. One reason it carries him smoothly and without interruption is that Corning research has perfected a glass for radio tubes that will stand the heat and the voltage of modern transmission.

Corning furnishes glass for the tubes in your own radio set, too. Just as it furnishes the glass for many of your lamp bulbs, for all the neon signs, for all of your wife's Pyrex dishes and a thousand and one items that make your daily life

more interesting, more comfortable, and safe!

But to many, Corning research is most interesting because of the things it has discovered that glass can do in competition with other materials, and do better. Glass springs, for instance, that apparently never tire out. Glass pumps for acids that replace valuable metal alloys, and give longer service in the bargain! Glass pipes, and valves, nuts and bolts. Every day Corning is working on ways in which glass, which is fairly plentiful, can be used to replace metals that are vital to war industry.

If you have an idea that glass can in some way serve your business better, you are

invited to write today. We are busy, but not too busy to be interested in suggestions. Corning Glass Works, Corning, New York.

CORNING
—means—
Research in Glass

"Ten Silver Months..."

"EVERY WEAPON we make today is worth ten that we might produce next year; for this year — 1942 — is the critical year in the existence of the United States."

This grim challenge was thrown at American industry by Donald Nelson in his first speech as chief of the War Production Board. He was speaking to a group of business paper editors, called together to receive at first hand Mr. Nelson's urgent message to the industries they serve.

"We've wasted the golden months", he declared, "the months in which we could have expanded our steel industry, our chemical industry, our copper industry, and all the others, so that we would have plenty of everything. But we still have ten silver months—the months that remain in 1942—and in them we can do things that we never thought possible."

To that objective Mr. Nelson has dedicated his high talents and boundless energy. And to that task he asks American industry to apply the full measure of its resources and skill.

That challenge should be all that it takes to exact from industry the last ounce of its energies. For by now we all can see that in this war the American way of life is at stake. American industry is the essence of the American way of life. Neither can survive without the other. So, even if it had no better reason, industry must go all out to win this war as a measure of self-preservation. Here self-interest and patriotic duty are synonymous. American industry cannot afford to let America lose this war.

The 1942 job is crucial. If it is well done we have a chance to win. If it is badly done we cannot possibly win. There is the measure of the responsibility that now rests upon the shoulders of industrial management.

It is not just Donald Nelson who asks this of industry. He speaks for the millions of fighting men—on land, at sea, in the air—the world over, whose eyes turn so desperately to the workshops of America. There and there alone can they see the hope of victory.

The people of America are not going to let those men down. They demand of industry every effort and every sacrifice that may be necessary to back them up. On that score, American industry stands, of necessity, on trial before our people. It must come through—or else!

* * *

As industry goes all out to meet this demand, its management asks of those who set its tasks and supervise its performance the utmost possible cooperation. It asks of them specifically an understanding of its problems and a chance to work them out without unnecessary interference. It asks for protection against attack from the rear while it concentrates its energies against the common foe. It asks a truce on economic reforms and social experiments that have nothing to do with winning the war and that are bound to arouse misgiving and mistrust amongst the proprietors of industry. Above all, it asks that it be not made a political scapegoat for every deficiency that is sure to develop in the confusion of a war effort.

This does not mean that industry resents honest criticism or constructive direction. Neither does it mean that it is unwilling to do its best unless it can have its own way in all things. The managers of industry are practical men. They

know better than anyone else that unprecedented conditions call for new methods, that they must be open-minded to every criticism sincerely directed toward winning the victory. They know that no one can afford to be smug in the face of a national crisis.

There would be no point to my rehearsing here the pros and cons of such criticisms. Time is too short for that. Only in its performance can industry write a convincing answer to its critics. But as a help toward the achievement of that performance, I should like to clear up, if I can, one prolific source of misunderstanding and mistrust.

I refer to the solicitude of industrial managers as to where their companies may find themselves after the war. This concern for the future sometimes is misinterpreted to mean that management is blind to the urgency of the present. But it does not mean that. It is a perfectly natural anxiety that must be felt by any responsible management operating under the American enterprise system—which is one of the things we are fighting to preserve.

Under our system, the managers of industry cannot but feel a sense of responsibility to its owners, not merely for current dividends on their investments but also for the conservation of their properties. That means they must feel some concern over what may happen after the war to a business that now must go all out to help win the war. And their concern is but part of a general concern over what may be the effect of the war on the whole American way of life, preservation of which is our reason for being at war.

To give practical effect to that concern under present conditions is one of the problems of management. It is not an insuperable problem. Competent management will be able to surmount it, I am sure. But the right kind of help from those in authority can make the job a lot easier. And let us note in passing that the problem cannot be written off, as some critics of business seem to think, merely by setting off against it the profits that business can make on war contracts. That misses the whole point.

For a business enterprise is not, as many seem to think, just a "profit-machine." It is not set up and operated by its owners and managers for the sake of this month's or this year's profits, without regard to any other consideration.

The fact is that any worth-while business must operate as a going concern. It consists not only of stockholders and managers, but also of employees, markets, distributors, and dealers. Mostly, I might say, of markets, distributors, and dealers. They are the "reason for being" of any business, the source of its payrolls and its profits.

No competent management wants to scrap such essential elements of its business just for the sake of war-bred profits, however large they might look... at the moment. Most of the original reluctance to get into arms production, for which industry has been criticized, was not due to a "greed for profits", as has been charged. Rather did it arise from management's mistrust of "war profits" that can be made only by sacrificing the essential elements of a healthy business.

* * *

But now industry faces a dire national emergency. The survival of our country and all its institutions—including American business—is at stake. So management must shape its course to meet without stint every need of the war

effort. That means it must subordinate to that effort every other concern. To lose the war is to lose all. We must first win the war if we would save anything.

To the men of management that presents a grave responsibility. It is fair to ask whether government can do anything to help them meet it. One simple thing I think government can and should do. It cannot dissolve all the concerns of management, but it can help substantially.

Government should do all it can to help management conserve those assets of business that will contribute to post-war reconstruction, when that can be done without prejudice to getting on with the war.

Let me explain. Broadly speaking, every business comprises three elements. One is its tangible assets—its factories, machinery, equipment, and materials. Another is its productive capacity—its management, organization, trained working force. A third is its intangible assets—the goodwill, familiarity, acceptance, and recognition that it enjoys amongst its dealers, customers, and prospective customers.

When the nation goes to war government becomes the one dominant customer of a business. Of these three elements, the first two—plant facilities and organization—become of paramount importance to the job in hand. But so far as the government buyer is concerned, the third drops to minor importance.

But that third element cannot be ignored by the managers responsible for that business. For it will be their mainstay when they must rebuild that business after the war, when government has lost all interest in its existence, except as a source of tax revenue. That is why government can help greatly if now, during the war, it recognizes the legitimate concern of management to conserve those assets that will be essential to survival after the war.

Everyone recognizes the obligation of government to demand that the individual business go all out for war production, to forbid the production of goods not essential to wage war and to commandeer those that are, to require that a business sacrifice its markets and disrupt its distribution organization. No one questions the right of government to restrict arbitrarily the amount of earnings that a business may retain as profit from its war activities. In short, no one questions the right of government to become the dominant partner in any business that may be needed to win the war and, as dominant partner, to put the national need above any conflicting interest of the business.

But, as it does all this, government should remember that the survival of that business is staked on the public's knowledge and use of those discontinued or commandeered products, on the stability of that crippled dealer organization, on the ability of the business to maintain its standing in a market-place from which, temporarily, it may be barred.

And government can help management to deal with the exacting task it now faces, if it will do all it can to avert the needless sacrifice of business interests that do not conflict with war needs, if it will but remember that one of these days, that business again will be on its own, gathering up whatever resources it may have left, recreating its markets, rebuilding its distribution channels, reestablishing itself as a going concern . . . and doing all this in a competitive world without benefit of war orders.

The only foundation upon which any business can hope to rebuild when that day comes is its customers' memory of its name and their understanding of its products. Whatever credit may be coming to it for its war effort will not avail it very much if it permits itself to be forgotten. Its chief assets in that day will be the identity, recognition, and acceptance it still enjoys amongst those to whom it must look for business.

That is why so many business men, already going all

out on their war jobs, become apprehensive whenever some word or act of a legislator or government official seems to question the validity of their sales, promotion, and advertising activities during the war. For they know that it is by such measures alone that any management can hope to conserve—while its business goes to war—the values it will need when it returns to civilian service.

That is why I ask government to do all it can to allay such uncertainties, to reassure business of its desire to help conserve those intangible assets that mean so much to business security. For that, I believe, will strengthen the hand of management in a big way as it goes all out on the vital job Donald Nelson has staked out for industry.

* * *

He has told us that if we are to make these ten silver months productive enough to make up for the golden months that are gone, industry must do things it never thought it could do. That is dead right. For America now finds itself in a position it never thought it could be in.

All too slowly, but very surely, it is dawning upon us that this is OUR WAR. Moreover it was our war long before we knew it or did much about it. So our job today is not merely to match the current production of our enemies. That is not enough. We must produce also enough to match the surplus of resources they had built up before we got started. We must produce enough not only for our own needs, but also for all the United Nations.

Moreover we must produce all that we need for decisive victory, for anything short of that will mean defeat. If we would save the American way of life, we must destroy once and for all the forces that threaten it. A stalemate would mean but an armed truce and what that might do to the American way of life and to American industry no one dares to guess. Victory must mean decisive victory. And this, very definitely is our war.

And just as definitely, this is OUR YEAR. For in this year—1942—we must prevent our enemies from achieving an advantage that might put victory forever beyond our reach—despite all our vast resources. It is an appalling fact that victory may slip beyond our grasp—not in 1943 or in 1944—but during the months just ahead of us.

"Industry's responsibility in all of this is great," says Donald Nelson. "The job will take brains and initiative, but we can do it if we go out with a will."

To Mr. Nelson, that initiative means that industry must lead rather than follow in the march to more intensive use of our machines and our man-power. We dare not wait for new facilities to meet our mounting needs. More and more we must press for more widespread subcontracting and conversion. And he is counting on that initiative, backed by ever more aggressive effort, to avert or to minimize the compulsory measures that now seem imminent.

"We must stop thinking about what we're going to do to the enemy in 1943 and start thinking of what we're going to do to him in March of 1942. We must make today the things we would be making next year . . . if we had the time to spare."

That, says Donald Nelson, is the task of American industry during the next "Ten Silver Months." And to that gigantic task American industry now must bend every ounce of its abundant strength.

James H. McGraw, Jr.

President, McGraw-Hill Publishing Company, Inc.

This message is appearing in all McGraw-Hill industrial and business publications, reaching over a million readers.

water, it will make a mess like mudpies. And there is no assurance that the dog, who is the ultimate consumer, will like it after it is put in his feed pan."

Despite these problems, John Morrell & Co. announced this week that the new Red Heart, in dehydrated form, would be packaged "in fiber cartons sealed with bonderized plate at either end." These cartons, the company said, would "closely resemble the cans formerly used, both in size and appear-

ance." Next job will be selling the idea to the public through an advertising campaign. Dogfood canners generally, however, suspect that WPB will make trouble over the use of bonderized on non-essential food products.

The hush-hush attitude assumed by most elements in the industry indicates that the packers probably know no more than they are telling.

Swift frankly admits its laboratories have not yet found a satisfactory an-

swer, is hopeful that techniques currently under test may prove usable by the end of March.

Chappel, a big factor in the dog-biscuit field (U.S. production about 230,000,000 lb. in 1941) and pioneer in canned wet dogfood, looks for pet owners to resume using biscuit supplemented with meat scraps and other dodads, and intends to promote dry-type foods at least until the industry sees daylight ahead.

WAR BUSINESS CHECKLIST

Washington's Significant Orders on Materials and Prices

• **Trucks and Trailers**—Rationing of trucks and truck trailers will be administered by WPB and the Office of Defense Transportation (rather than by OPA) under a system closely resembling priorities, according to Order M-100. Sales agencies will be given blanks which must be filled out by the applicant and forwarded to WPB. Appeal may be made to special boards from WPB-ODT findings. Five categories are set up to govern priority of applicants: (1) military and public services; (2) secondary defense purposes; (3) delivery of ice and fuel and certain semidefense categories; (4) transport of persons and goods not connected with the war program; and (5) nonessential uses.

• **Automobiles**—Modifications of auto rationing rules permit men entering the armed forces to sell their 1942 cars to anyone until Mar. 9, bring station wagons under rationing, and provide for releasing special purpose cars.

Auto manufacturers have been instructed not to sell alloy steels in their leftover inventories except on ratings of A-1-k or better, and other steels except on an A-3 or higher rating.

• **Tires**—The Defense Supplies Corp. will buy most existing stocks of passenger car tires under the "Tire Return Plan" worked out by OPA, DSC, and tire manufacturers. Dealers may sell at cost plus 10% to manufacturers or mass distributors who will sell their entire stocks (except a small working inventory) to DSC at cost. Ceiling prices on tires will be increased slightly. Priority ratings may not be used for the purchase of tires, OPA announced. OPA approval is required to import tires and tubes.

• **Radio**—WPB announces that it will make no materials available for construction of new broadcasting facilities or for changes in existing facilities except when the proposed work will give service to an area not now served.

• **Coal**—Retail and wholesale prices of coal are to be frozen by OPA request at Dec. 15-31 levels. Increases reflecting actual change in costs may be made if prior approval is obtained from OPA.

• **Petroleum**—Steel producers have been ordered by WPB not to ship oil casing, tubing, or drill pipe after Mar. 14 or line pipe after Mar. 9 except on A-9 or better ratings.

• **Chlorine**—Another drastic curtailment in chlorine (BW—Nov. 22 '41, p43) has been ordered. Use for bleaching foods, rags, and in manufacture of cosmetics is forbidden by amendment of Order M-19. Textile bleaching use is cut to 50% of that in the year ended June 1, 1941. Shellac bleaching to 25%, laundry use to 10%, and other uses to specified percentages. Chlorine producers may deliver only on specific direction from WPB except for water and sewage treatment.

• **Rubber**—Amendment of Order M-46 prohibits use of chlorinated rubber except for specified uses.

WPB has announced that no rubber thread will be made available for foundation garments.

• **Pulp**—Interpretation of Priorities Regulation No. 1 defines a practicable working minimum inventory of wood pulp as a 60-day supply.

• **Wool**—Amendment of Order M-73 eliminates restrictions on military use and cuts civil use from 50% to 20% of the 1941 rate on the worsted system and from 40% to 10% on the woolen, cotton, and felt systems. Restrictions on mohair and wool of grade 44 and lower are relaxed.

Definite maximum prices for domestic shorn wool are established by price regulation 106 based on a grease wool price of 37.1¢ a lb., the Dec. 15 level. The new regulation supersedes schedule 58. On shipments to Boston price is a delivered price, on shipments from Boston, a shipping point price.

Amendment of Order M-73 grants an A-10 rating to fabrics to be used in manufacture of officers' uniforms.

• **Other Textiles**—Temporary regulation No. 3 freezes prices of cotton and novelty rugs at Feb. 20 levels.

A forthcoming WPB order will require manufacturers, printers and converters of print cloth to cut the number of patterns

in their lines by 50%. Peg coverage will be limited to 50% on white or tint grounds, 40% for blotch patterns, and 35% for discharge patterns.

• **Cans**—Modifications of the tin can order M-81 permit delivery until May 31 of beer, coffee, and ham cans manufactured before Feb. 11, and delivery until Apr. 30 of lithographed oil cans.

• **Plumbing Supplies**—Schedule 11 issues under the plumbing and heating supplies order (L-42) makes mandatory the Bureau of Standards simplified practice recommendation for pipe fittings (Recommendation No. R185-42).

• **Fire Equipment**—Use of rubber and critical metals in manufacture of fire protective equipment is limited to certain specified applications by Order L-39. Manufacture of foam or antifreezing extinguishers other than on defense orders is limited to 25% of the 1941 rate.

Manufacturers of fire protective equipment are granted a rating of A-7 on steel and cast iron pipe and fittings and of A-3 on other materials by order P-108. The rating must be applied for on Form PD-82.

Motorized fire apparatus must not be manufactured except on defense orders, according to Order L-43, and manufacture of certain types is forbidden. Pumps may only be built in specified sizes.

• **Other Price Actions**—Fertilizer is frozen at the Feb. 16-20 level by Temporary Price Regulation No. 1. . . . At OPA request, American Brake Shoe & Foundry Co. has rescinded an increase in brake-shoe prices. . . . Manufacturers of dry batteries, flashlights, and flashlight bulbs have been asked by OPA not to exceed Feb. 1 prices.

• **Other Priority Actions**—Makers of domestic washing machines may produce during the first half of March at the same rate as in February, according to Order L-6-b. . . . Persons served with AA ratings may extend them only as A-1-a ratings if they are able to fill the order from inventory. . . . Producers of iron and steel products may use an A-10 rating to buy office equipment.

A mammoth "SPONGE" that soaks up freight wallops



DURYEA *Cushioned* CARS meet shippers' demands for shockproof safety

"Hurry!" calls America. "Coming!" reply the Railroads, delivering vital materials with record-breaking speed and tonnage. But stepped-up schedules lead to greater smacks and jolts. Now, more than ever, your shipments need Duryea protection in transit.

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The Duryea Cushion Underframe is the modern freight car chassis that gives *two-fold* security from the damaging impacts of coupling, starting and applying brakes.

In Duryea-Cushioned Cars, floating center sills let car and contents ride over each crash unharmed, and giant springs still further soften the impact. Shock-

absorbing capacity is more than 3 times that of conventional draft gear (the old-style freight car "buffer"). And while ordinary draft gears often stick or wear out, Duryea always maintains full efficiency. In 15 years no Duryea Cushion Gear has had to be replaced!

Cost of Duryea gear has been reduced so that it now compares favorably with conventional construction. Further, it produces continual savings in reduced packing expense, lower maintenance, permits faster handling, keeps cars rolling.

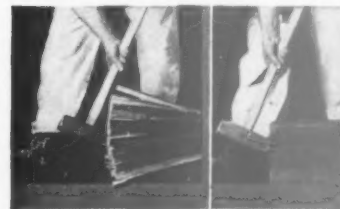
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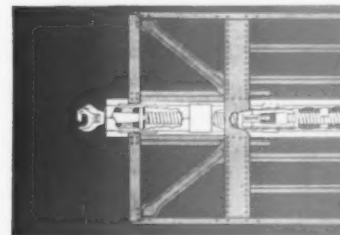
DURYEA *Cushion* UNDERFRAME For Freight Cars

THE MODERN SAFEGUARD FOR SHOCKPROOF SHIPPING

Water striking rigid objects can create havoc—the same torrent pouring over spongy absorbent ground loses its power. Duryea Cushioned Cars yield with each traffic shock insuring safe arrival of contents.



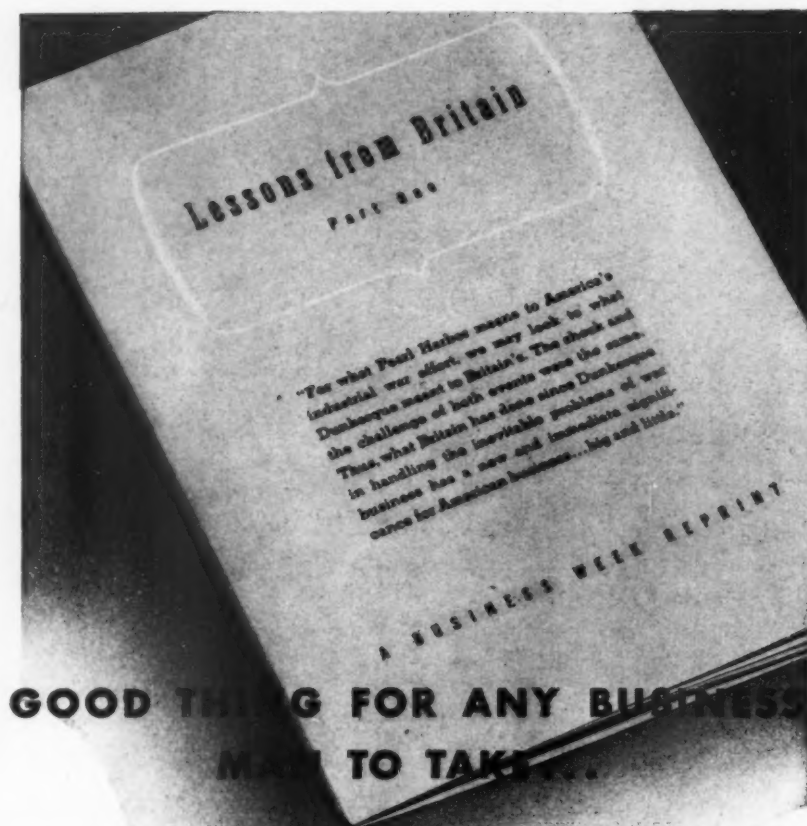
ONE SMACKS! ONE SLIDES! Photo show how Duryea floating sills lessen shock. Left: Block of wood (sill) against wall will crack when hit with sledge. Right: With spring allowing block (sill) to slide even hardest blows won't cause damage.



PHANTOM VIEW shows how giant springs and floating center sills cushion each wallop, protecting car and contents. A Duryea installation lasts for the entire life of a car.



RAILROAD MEN! Duryea-Cushioned Cars reduce maintenance costs and damage claims. Duryea gear costs little, pays for itself quickly. Why not investigate for your road?



● If you've been reading the recent reports in *Business Week* of how British business has been geared to war, you've discovered many a valuable lesson for American business. And American business men.

These reports on how Britain has concentrated industry, controlled prices, and undergone rationing give a pre-view of what's ahead for us. They point out the hurdles (the British fumbles) as well as the successes. They're good lessons for any American business man to take.

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Informer Socked

Arnold's asking court to throw out citizen's \$315,000 case against contractors in Pittsburgh stirs speculation.

Thurman Arnold this week drew the verbal fire of one who stands to profit handsomely from prosecution of the electrical contractors' combine in Pittsburgh. There, a private citizen, proceeding under an informer's statute enacted during the Civil War, won a juicy jury verdict of \$315,000 double damages and penalties, to be split equally with the U. S., from the errant contractors for their padded bids on 56 PWA projects (BW—Mar. 29 '41, p. 20).

● **Change of Attitude**—Arnold was passively acquiescent about the suit until last month when, in a surprise move, he asked the Circuit Court of Appeals at Philadelphia, where the defendants' appeal was pending, to throw out the case, including the government's \$157,000 cut. His grounds: (1) That the Executive Order of June 10, 1933, issued under authority of the Reorganization Act of 1933, vested "exclusive control of all claims and demands by the U. S. in the Department of Justice; (2) That the Act of 1863 was "inoperative" because it conflicted with "public policy."

What heightened the surprise element was that 14 of the 31 electrical firms, with Arnold's knowledge, were in the midst of negotiations to compromise their share of the liability for \$100,000 and costs. Attorney Charles J. Margiotti, representing the informer, Morris L. Marcus, dumped a sheaf of substantiating correspondence in the circuit court's lap last week and raised pointed questions why the government, at this late stage, was so eager to deal itself out of a \$157,000 pot, accumulated without a penny of expense to the U. S.

● **Margiotti's Argument**—Margiotti replied to Arnold's arguments with the contention that the Executive Order transferred to the Department of Justice only those "functions of prosecuting . . . now exercised by any agency or officer" in the executive branch, without extending to private citizens. He relied upon an opinion by Justice Holmes to show that the legislature, not Thurman Arnold, decides public policy.

In reply to Arnold's assertion that the \$44,000 in conspiracy fines paid by the defendants represented "substantial" recovery for the government, Margiotti quoted the Arnold assistant who prosecuted the contractors as estimating their haul, before the sentencing judge, at half a million dollars.

● **"Congratulations"**—Marcus, a Pitts-

burgh lawyer, was able to show the circuit court a letter Arnold had written him after the verdict was rendered, extending "congratulations on a splendid victory" and promising that "our attitude on appeal will be consistent with that adopted prior to the trial." Pending additional light on Arnold's apparent inconsistency, observers speculated whether his surprise shift was another manifestation of his tacit appeasement pact with War Production Czar Donald Nelson (BW—Feb. 14 '42, p15), or a rear-guard action against a flood of informers' suits based on his trustbusting activities. Still others read into the situation political implications, pointing out that since the lower court's decision Attorney General Biddle, a Philadelphian, has taken office. Margiotti has not always been persona grata to the state Democratic organization.

What Tire Pinch?

Figures on bridge tolls, gasoline sales, and requests for tourist information indicate that public is driving as usual.

Contrary to expectations, rationing of tires seems so far to have made no dent in the use of private automobiles in the United States. In fact, available statistics seem to indicate precisely the opposite to be the case. January gasoline sales of California service stations (excluding sales to Army and other government-owned vehicles) were well above January, 1941, and daily sales during the first three weeks of February exceeded the January average by a considerable margin.

• **Over the Bridges**—Passenger traffic over the San Francisco bridges was up 9% in January over a year ago. Total traffic—passenger and commercial vehicles—using New York City's Holland Tunnel and George Washington Bridge was up 7% in the same period.

Although there was a sharp drop after Pearl Harbor in requests received by the Automobile Club of New York for tourist information (always a reliable index of travel in the East), they are now running ahead of a year ago.

• **Pooling by Workers**—There is no doubt that use of private cars for going to and from work has been reduced and will be cut further if workers heed the War Production Board's request to pool their cars. Revenues of local trolley and bus companies, according to Transit Journal, are 20% ahead of last year (BW—Feb. 7 '42, p24).

But rubber shortage or no rubber shortage, Mr. and Mrs. America are finding it hard to break the habit of using the family buggy for the vacation trip and Sunday afternoon in the country.

COOPERATION

*is the KEY to
today's production
problems*



INCREASED output, uncertain supplies of raw materials, priorities and allocations, lack of replacements for existing equipment—today's production headaches are easy to state, but, sometimes, not so easy to solve.

Cooperation will do it if anything can. Cooperation between customer and supplier is a first essential in wartime. And Atlas is doing its level best to make cooperation more productive.

Cooperation in making the most of every bit of material and equipment on hand . . . cooperation in adjusting available supplies to best advantage . . . cooperation in developing alternate materials to permit continued production despite current shortages—these are only a few of the forms of cooperation Atlas extends every day. They become doubly important in times like these, with so many of Atlas' customers engaged in direct war work, and with Atlas itself involved on such a large scale.

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It is our job to keep both supply lines open wherever consistent with war effort. With cooperation—and with mutual understanding of the problems and difficulties involved—much can be accomplished.

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Again INDUSTRY'S CHOICE

To Industries in Urgent Need of New Plant Facilities, Austin Offers a Choice of Several Practical Routes to Efficient Production

For years, factories were patterned after their predecessors. Each Industry leaned predominantly toward certain building types—it was the accepted practice.

Nearly a generation ago the Austin organization realized that industries were often housed in buildings ill-suited to their needs, although basically industry's building choice was "multistory or single story."

Facts and figures gathered over a period of many years by Austin Engineers were compiled in simple,

graphic form and published as an engineering treatise entitled, "Multistory or Single Story—Which?"* This treatise, which discussed the relative advantages and disadvantages as well as the relative building costs of these two basic building types, was found helpful by many manufacturing executives.

NEW KIND OF CHOICE TODAY—Today industry is offered another choice that is fundamental, namely: the *conventional plant* or the "Controlled Conditions" Plant—"Blackout".

Recently the more conventional building types have been improved . . . Rigid Frame Construction, the Whaleback design, Portal Truss design, as de-

*Now in its 5th edition



developed by Austin Engineers, offer new operating advantages and greater flexibility. One benefit: Overhead areas usually wasted in the past are put to work.

Because of present demands and changed conditions in the future, manufacturers are investigating the "Controlled Conditions" Plant idea . . . with light, atmospheric conditions and noise controlled; with uniform working and operating conditions 24 hours a day. Having designed the first plant of this type in 1930, Austin Engineers have since designed and built 12 such plants for the production of tiny radio parts, small cutting tools, aircraft engines, precision gauges and even giant bombers.

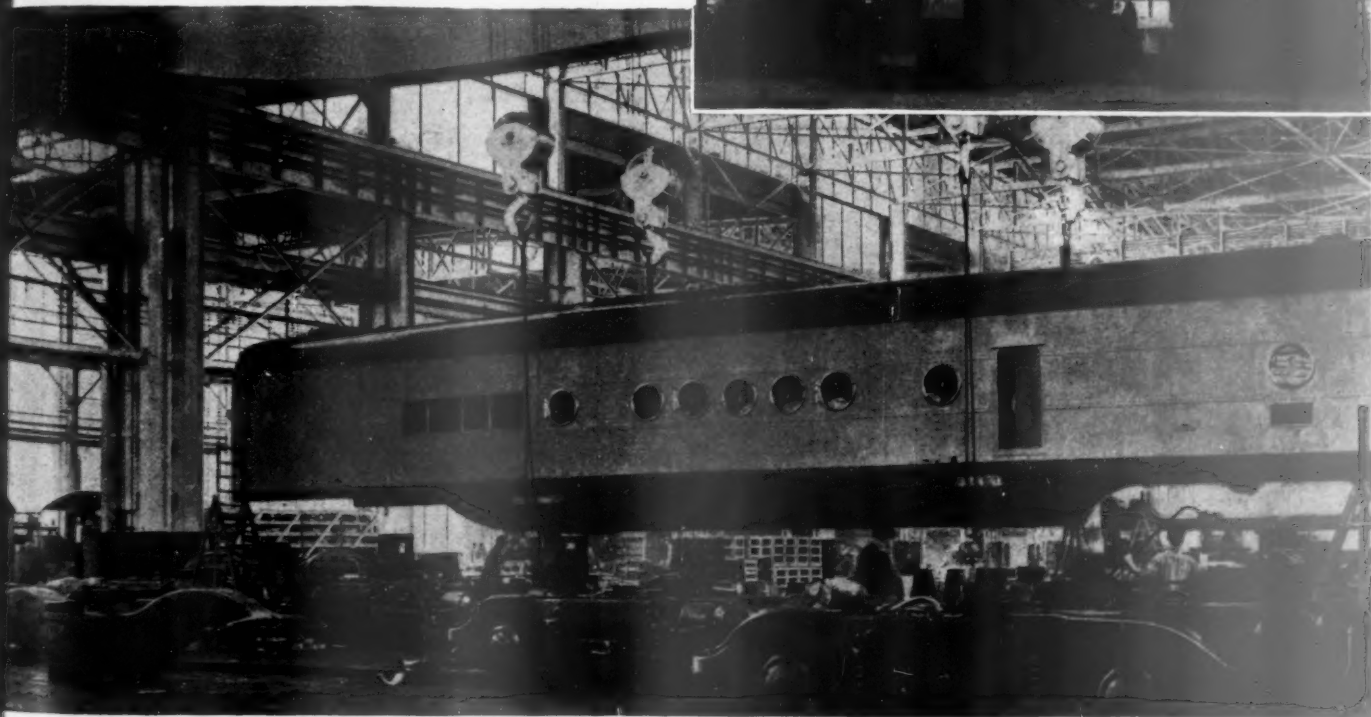
AN IMPARTIAL APPROACH—Austin, with 35 years of specialized experience in the design and construction of industrial plants, handling over 6000 contracts, offers Owners a helpful "outside viewpoint." Austin Engineers are willing and anxious to serve from Coast to Coast, whatever type of plant or structure is required—"What is Industry's Choice?"

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Another Industry's choice . . . A Conventional Plant of advanced design is this Rigid Frame Sawtooth Construction in Connecticut. Overhead areas give new flexibility, eliminate shade and provide an interior "clean as a gun barrel."



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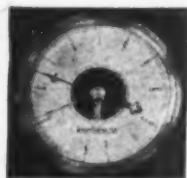
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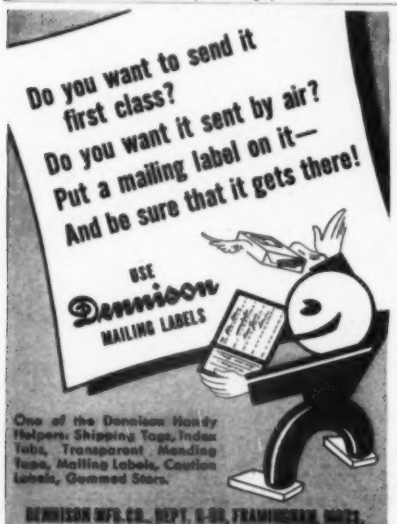
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THE WAR—AND BUSINESS ABROAD

Ships for a Long-Distance War

Getting needed tonnage is one of most crucial problems faced by United Nations. Washington counts on new controls and building program to relieve strain that is already felt.

The successful Japanese attack on Pearl Harbor upset all prewar estimates of the ships needed by this country to handle its share of the defense in the south Pacific. Along a direct route by way of Honolulu it is only 7,000 miles from San Francisco to Manila. By way of the long southern route which this country was forced to use after Dec. 7, it is nearly 12,000 miles.

And Distance Is Lengthened

But the catastrophic fall of Singapore forced another sharp upward revision of the estimates. And this week's steady retreat of the United Nations in Java—their last defensible foothold in the Dutch East Indies—indicates that, whether the Nipponese are able to occupy Australia or not, they will probably be able to make any deliveries of war supplies by us through the south Pacific impractical. Over the alternate route by way of Capetown, South Africa, it is more than 14,000 miles from New York to Melbourne.

This is the situation which caused the President, in his last radio report, to point out that the average freighter can make no more than three round trips a year to our now-distant Oriental outposts. And when William L. Batt, raw-materials controller for the War Production Board, spoke before the Foreign Policy Assn. in New York last week, he warned that the real determinant of our aid to the United Nations is already, and probably will continue to be, our merchant fleet.

What Our Shipyards Are Doing

During 1941, American shipyards turned out a little more than a million tons of cargo ships. And until Pearl Harbor, our goal for 1942 was 6,000,000 tons (our total ocean-going fleet amounted to a little more than 5,000,000 tons at the outbreak of the war in 1939). But when the President upped the sights in his famous speech of Jan. 6, he set the new merchant tonnage goal at 8,000,000 for 1942, and 10,000,000 for 1943.

Only ten days after this announcement the Maritime Commission announced that contracts had already been negotiated for 632 of the 850 ships which the President's new directive called for, that shipyards were already

on a 168-hour week, and that the average time required for producing each of the new vessels would be cut to 105 days from the laying of the keel to delivery (page 19). By the end of this year, 850,000 men will be engaged in this country's shipyards, and compared with 18 yards which were operating at the beginning of 1941, maritime vessels will be under construction in 48 yards.

Military Tonnage Requirements

The handful of American troops in Iceland, Ireland, and in the Far East is only the beginning of an expeditionary force. The Maritime Commission estimates that it takes 17 tons of shipping to transport a soldier, and constant operation of 3.4 tons to maintain him 3,000 miles from home. A fleet of 7,000,000 tons would be required to supply 2,000,000 men. On this basis, it would require the bulk of this country's present fleet to maintain an expeditionary force of 2,000,000 men in Europe, much more if they were to be stationed at more distant Far Eastern outposts.

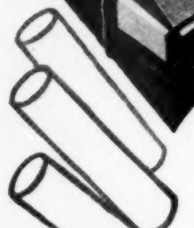
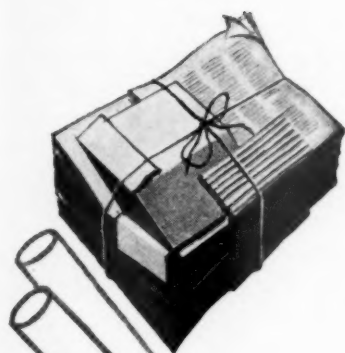
But this country's 8,000,000 tons of shipping has already been strained to maintain the flow of raw materials from abroad necessary to supply our rapidly expanding war industries and to keep lend-lease supplies flowing to our allies. The strain is already reflected in the withdrawal of vessels from the Latin American runs where they are badly needed to maintain the Good Neighbor trade which is a part of our hemisphere program. Within the last few weeks, Washington officials have warned bluntly that this country should anticipate a reduction in supplies of certain items of food such as coffee, cocoa, and bananas which are wholly imported.

Measures Applied by U. S.

Washington is tackling the problem from three angles: (1) It has set up a central United Nations shipping control which will allocate all space in every allied ship operating in any part of the world. (2) It has removed virtually all of the ships from the coastal trade (leaving the railroads and trucks to handle that business). (3) It has speeded up and enlarged its shipping program.

Both Britain and the United States

herbert bayer



**paper that
goes to war**

**is paper
that wasn't
burned**

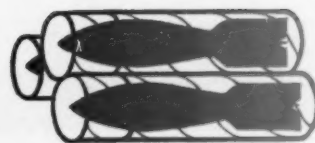


Save waste paper!

SELL OR GIVE TO LOCAL COLLECTORS

CONTAINER CORPORATION OF AMERICA

Business Week • March 7, 1942



have had national ship control agencies for some time but it is only in the last few weeks that really drastic controls have been enforced. A law was passed some months ago giving the Maritime Commission the authority to issue warrants covering all ships entering American ports. Specifically, the warrants give preference in "the use of facilities for loading, discharging, lightering, or storage of cargoes, the procurement of bunker fuel or coal, and the overhauling, drydocking or repair" of vessels

carrying vital materials. It means that the commission now has full control of all ships without necessarily having to take them over from their private owners.

Intercoastal services were stripped of half their 100 vessels more than a year ago, and more recent grabs have practically put an end to intercoastal shipping. Various plans have been proposed to utilize some inland waterways ships for coastal service along the protected river-canal system that now is open

from New York most of the way to Miami.

But it is on the new vessels in the 850-ship building program that Washington now mainly depends to keep up deliveries to the 32 nations which are eligible for lend-lease aid. The success of this country's war effort will be measured largely by its ability to turn out this year the 8,000,000 tons of standardized 427-foot, 10,500-ton vessels which will make up the United States' new "Liberty Fleet."

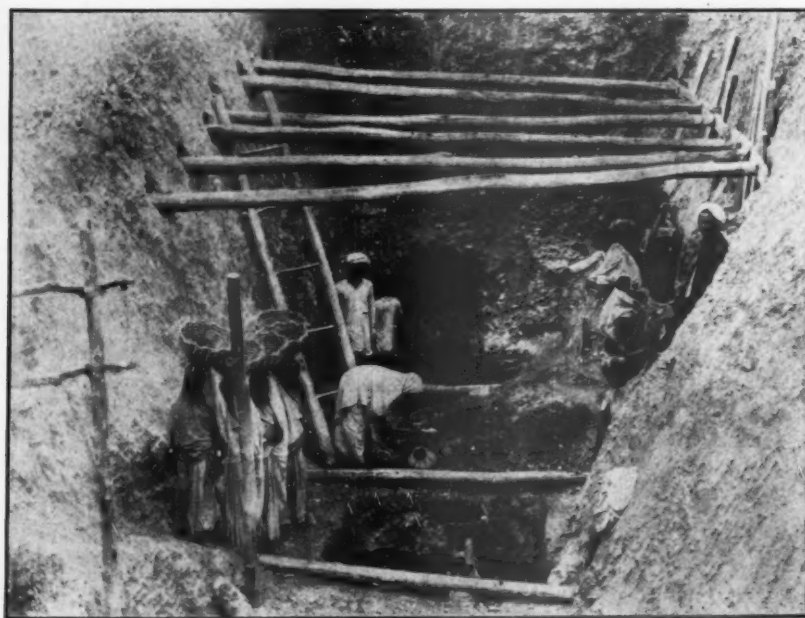


WAR SUPPLIES FROM INDIA

India's infant industries faced new burdens this week as Japanese troops poured across conquered Burma to the Indian border and Nipponese raiders, pushing past Singapore into the Indian Ocean, threatened to attack the great industrial ports and cut off badly-needed war supplies from Britain. India's modern British-built railroad shops long ago were converted into arsenals which now are turning out important quantities of gun platforms (upper left), shell casings (left), and small arms. Big tinplate mills (above), and the modern Tatas steel

works (lower left) are working day and night on huge government orders, placed as soon as Japan started its drive down the China Sea last December. India has even developed a small shipbuilding industry in the last two years, but it still depends on Britain and the United States for planes, and for the engines for its domestically-built small tanks.

The United States will be seriously affected if the sea lanes to India are completely closed by the Japanese, for most of this country's mica—necessary in the making of radios—comes from mines (below) where cheap skilled labor splits the mica into sheets for export.



Keep Bright the Fires of Freedom

This war is "a race to make things." Back of every *one* of our gallant fighting men there must be 18 men on the production front—building ships, planes, guns and tanks...all the things it takes to keep a vast war machine in action.

It is more important now than ever before in our history to "keep the home fires burning," literally as well as figuratively. Production in our factories...conservation of fuel...health and morale in the homes of workers, in many cases calls for the *efficient, economical* service of automatic heating equipment.

As a builder of precision controls for heating, refrigeration and other automatically operated equipment, Penn Electric Switch Co. has enlisted its facilities in the service of our country. Much of our productive capacity is devoted to direct work for our armed forces. So far as this direct work permits, we are doing our best to continue to supply vital civilian needs for our



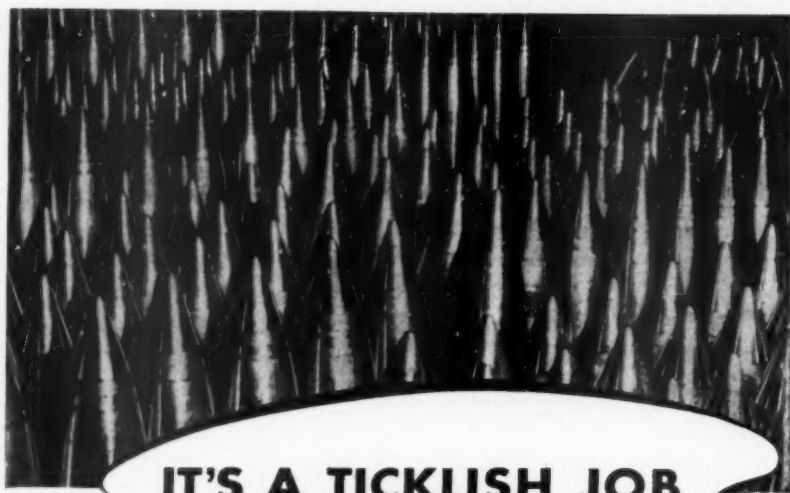
products. For obvious reasons, which manufacturers and service men will understand, the supply of Penn *heating controls* must be carefully apportioned in accordance with the needs of our country's war production program.

The faster we make the things our fighters need the sooner we shall all enjoy, without restriction, the comforts and satisfactions of our American way of life. *Penn Electric Switch Co., Goshen, Ind.*

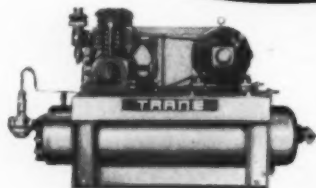


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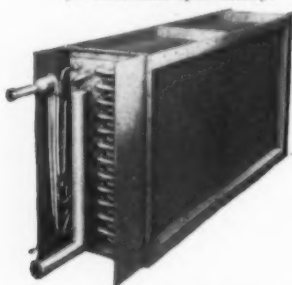
HEATING. PUMPING AND AIR COMPRESSOR



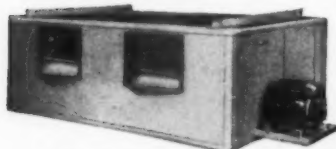
IT'S A TICKLISH JOB TO HANDLE T-N-T!



Dependable Trane Reciprocating Compressors are available in a capacity range from 3 to 50 tons. Complete and ready for installation upon delivery.



Sturdy Trane Direct Expansion Coils are a part of the broad Trane line which includes coils for every heat transfer application.



The Trane Climate Changer shown here typifies the wide variety of Trane air conditioners available for a multitude of heating and cooling purposes assisting the war program.

IT'S A TICKLISH JOB to handle and process T.N.T. as well as the other explosives which are incorporated with shells and ordnance material. Proper temperature and humidity conditions make the job a great deal easier, and arsenals and ordnance plants throughout the country have been quick to appreciate what air conditioning can do for them.

Trane Climate Changers control the humidity in the bullet filling room at Frankford Arsenal. They are used for the shell loading line at the Ravenna Ordnance Plant, for ammunition storage at another arsenal, for tropical test rooms at Army laboratories, for the bomb rooms at the San Diego Naval Air Station, for the fuse loading room at the Bellevue Navy Yards, for the Chemical Warfare Service at Edgewood Arsenal—and, along with Trane Coils, Compressors and other air handling equipment, for countless other applications where difficult or vital processes are made speedier and easier with correctly applied air conditioning equipment.

The same Trane equipment which is performing these precise functions is available to you for your own heating and air conditioning applications assisting the war effort—comfort or process—through the 85 Trane field offices which span America. Your nearest Trane representative is the man to get in touch with when these problems present themselves.

THE TRANE COMPANY

LA CROSSE, AIR² WISCONSIN

Also TRANE COMPANY OF CANADA LTD. TORONTO, ONTARIO
HEATING • COOLING • AIR CONDITIONING EQUIPMENT FROM 85 OFFICES

48 • The War—and Business Abroad

Dollar Dilemma

Canada faces problem of how to recapture profits on exchange if plan to equalize two currencies is dropped.

OTTAWA—Canada is still in a hub-bub over the question of restoring the Canadian dollar from its present 89¢ value to full parity with the United States.

• **Loans Change Picture**—A few weeks ago, the question popped into the limelight from such reliable sources that St. James Street decided action must be imminent (BW—Feb. 21 '42, p. 17). Then, last week, Washington's amendment to the Neutrality Act came along and reopened the United States markets for loans to belligerents. This, in addition to certain lend-lease concessions, has changed the whole picture. Canada no longer is in such desperate need of dollar exchange. As a result, all of the pros and cons of the question were being reviewed.

It was in the midst of this controversy that Finance Minister Ilsley suggested that the Canadian dollar be allowed to remain at its present 11¢ discount and that the troublesome differential on trade with the United States be adjusted by confiscation of the export premium by the government, the accumulated funds being used to subsidize necessary imports.

• **Who Owns Premium?**—Ottawa's attitude is that since the exchange differential is created by wartime conditions and national policy the premium does not properly accrue to the exporters who are getting it. Treasury experts claim it rightly belongs to the state. The chances now are that the state will take it. The issue is between that and parity. Confiscation is likely to win out because there's more in it for Ilsley's war chest.

Chief argument against parity is that it would upset the basis of Canada's big export business with Britain. Much of this—bacon, cheese, wheat, metals, and other commodities—is subject to Canada-U. K. price agreements. Unless parity between Canada and the U. S. were effected by a triangular arrangement including Britain it would have the effect of lowering the pound sterling in relation to the Canadian dollar, and Canada's returns from exports to Britain would drop.

Agricultural products exported under British contract are subject to guaranteed prices to farmers and unless Ottawa asked Britain to pay more—which it would hesitate to do—Ottawa would have to stand the loss because political pressure would prevent lowering of prices to farmers. To some extent it would be only an increase in the book

Business Week • March 7, 1942

cost of the war to Canada because Ottawa is financing a large part of the supplies sent to Britain, but Ilsley doesn't want even that.

• **Spread Exchange Gain**—A modified version of the exchange premium confiscation plan is a proposal that it be taken over by Ottawa and split between the treasury and the industries providing the products on which it is earned. Theoretical basis is that certain units of an industry should not be allowed to keep all the velvet merely because they happen to be in the exporting business. Example: Newsprint companies which are in the exporting business profit by the premium while other companies confined to domestic customers get none of it. Ottawa would take over the premium, keep part for itself, divide the rest among units of the industry whether or not they are exporting.

Next to newsprint exporters, mining companies would be heavy losers if the premium raid plan should go through. Other victims would be about 50 exporting firms which were given special concessions under the 1940 War Exchange Conservation Act for increasing export business to produce hard-money exchange. These firms made heavy capital expenditure on plant expansion to boost their export capacity. They are allowed to write off the outlay in depreciation before taxation during a two- to three-year period. The premium on exports was an incentive. Thirty companies with which depreciation agreements have been made have brought in \$30,000,000 in United States exchange during the year.

The depreciation concession was due to be dropped this year in any case because plant extension encouraged by it is competing with war industry for steel and other scarce materials as well as labor.

• **Importers Shy at Subsidy**—If the exchange premium is taken over it will be turned into the price stabilization fund of Hector McKinnon's commodity price equalization agency which is responsible for bringing imports into Canada under the domestic price roof. The fund is now provided by the treasury. Present indications are that demands on it may not be as heavy as anticipated. Importers are fighting shy of the subsidy. McKinnon is surprised at the small number of claims for December imports.

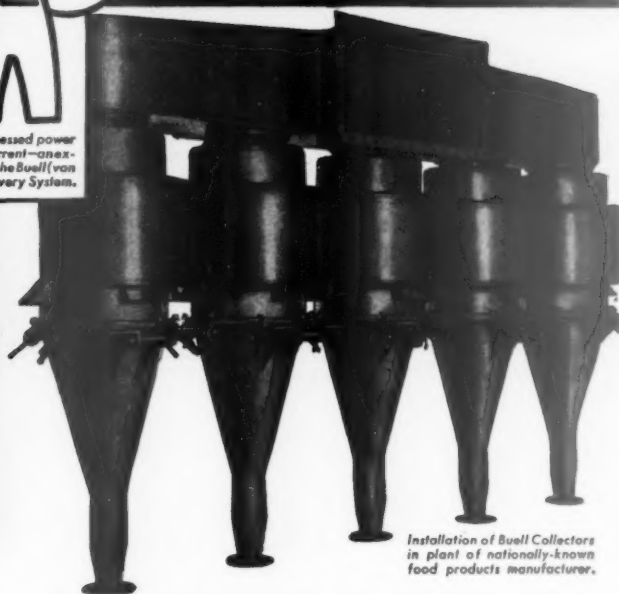
Factors discouraging claims are: (1) heavy volume of paper work and accounting required to satisfy the McKinnon agency that the claims are justified; (2) Ottawa's disposition to regard the subsidies as a "dole" to business; (3) fear by importers that their names will be brought into attacks in parliament on the outlay of public money for subsidizing their operations; (4) the desire of business to aid Ottawa in anti-inflation policy by absorbing as much as possible of the price squeeze.

"Double Eddy" says:



* Symbolizing the harnessed power of the double eddy current—an exclusive advantage of the Buell (van Tongeren) Dust Recovery System.

The buyer wanted to know how much dust this collector would recover



Installation of Buell Collectors in plant of nationally-known food products manufacturer.

BUELL GAVE THE MOST ACCURATE GUARANTEE KNOWN

Buell's "fractional efficiency" guarantees are famous for their accuracy. Briefly, they are guarantees to collect a definite percentage of the dust particles of each size—a guarantee that holds regardless of the inevitable and continual changes in particle size distribution that make it impossible ever to give an unqualified overall efficiency guarantee. Buell's guarantees are conservative and actual performance usually betters the guarantee.

For a typical installation, here are guarantees and actual performance:

Particle* Size In Microns	Guaranteed to Collect	Actual Collection
0 to 10	61%	63.2%
10 to 20	92%	92.6%
20 to 30	98%	98.5%
30 to 43	99%	99.4%
plus 43	99.5%	99.8%

*Specific Gravity—2.0

May we send you a copy of our special bulletin "Fractional vs. Overall Efficiency Guarantees"? Simply request it on your letterhead.

BUELL'S 6 PLUSES

Buell (van Tongeren) Dust Recovery Systems offer every user these six plus advantages...

- + High Recovery Efficiency
- + Low First Cost
- + Low Maintenance
- + Unlimited Capacity
- + Long Life
- + Fractional Efficiency Performance Guarantees

...all good reasons why so many of America's leading industrial concerns prefer Buell.

BUELL ENGINEERING CO., Inc.
60 Wall Tower, New York

Nation-wide service through offices of either Buell Engineering Co. or B. F. Sturtevant Co.

CONSULT BUELL *First* IN DUST RECOVERY

for Chemicals • Rock Products • Metals • Food • Fibers • Other Dusts

BUELL
DUST RECOVERY
SYSTEMS

MARKETING

Nutrition Fiasco

Mandatory enrichment now being discussed after failure of much-touted program. Housewives "unsold" despite fanfare.

Insiders in the food industry have known for some time that the national defense nutrition program has failed to click, but three recent developments have publicly exposed its failure:

(1) Dr. William Henry Sebrell, Jr., U.S. Public Health Service nutritionist, who was one of the instigators of the program, publicly admitted that it had bogged down.

(2) A Surplus Marketing Administration survey of food stamp sales of enriched flour, keystone of the nutrition program, showed that a large majority of grocery retailers and housewives knew nothing about the new vitaminized-mineralized flour.

(3) Sponsors of the nutrition program began to talk about mandatory enrichment as a last hope. A bill was introduced in the South Carolina legislature prohibiting the sale of non-enriched bread, flour, and oleomargarine within the state.

• **Started with Fanfare**—Launched last May after nine months of preparation, the national nutrition program got off to a flying start so far as fanfare and good intentions were concerned. Federal Security Administrator McNutt, who heads the Office of Defense Health and Welfare, got the program under way by staging a National Defense Nutrition Conference at the specific request of President Roosevelt.

The conference unanimously and heartily approved a program previously prepared by the food and nutrition committee of the National Research Council. The program was embodied in a simple diet which plugged so-called protective foods—those rich in vitamins and minerals, such as dairy products, fruit, vegetables, meat, and eggs. Also included were three infants—enriched white flour and bread, and fortified oleomargarine.

• **Natural Foods Promoted**—With the exception of these three products, the foods to be plugged were primarily natural products as against prepared, fancy-packaged groceries. The basic idea was to promote use of natural foods as sources of vitamins and minerals instead of using vitamin concentrates or pills. Omission of processed foods, except flour, bread, and margarine, left the big money behind the nation's

highly-advertised, and frequently much-fortified food products without a commercial peg on which to hang their participation in the program.

After the initial era of cooperation and good-will wore off, bakers, millers, and margarine makers found themselves alone in carrying the ball for the nutrition program. Earnest nutritionists and well-intentioned government home economists begged, borrowed, and stole all the free publicity they could lay their hands on for the nutrition program, but the idea just didn't catch on with Mrs. Average Housewife. The program just didn't put the nutritious foods in the place where they would do most good—on the table.

• **What Federation Found**—Because it was supported by heavy advertising expenditures in addition to government promotional efforts, enriched flour should have been the food to profit most by the program. But a Millers National Federation analysis of the SMA survey of enriched flour under the Food Stamp plan revealed that most of the flour offered for sale in the southern states, where the need for additional vitamins and minerals is greatest, is not enriched. Further, the federation's analysis of the survey pointed out that "most retailers and practically all customers appeared to know very little about enriched flour."

Here is what happened to enriched flour. The big mills which sell nationally-advertised first-grade family flour went in for enrichment without adding the extra cost of the vitamins and minerals to the price of their flour. Smaller

local mills, which could not afford to increase their costs without adding to their prices, stayed away from enrichment because it would have destroyed their competitive relationship with the advertised brands. As long as retailers and consumers would not pay more for enriched flour, and did not demand it by name, the small mills refused to change over.

• **Bakeries Switch Back**—The enriched bread story was pretty much the same, but some large bakeries already have switched back from enriched to ordinary white bread. Margarine manufacturers probably profited more than any other segment of the food industry from the nutrition program because of the frequent favorable reference made to their fortified product—often in the same breath with butter.

Failure of the nutrition program accounts for McNutt's willingness to permit food advertisers to tie themselves into the program with a national nutrition symbol (BW—Feb. 14'42,p52). In this new campaign, designed to salvage the wreck of the nutrition program, enrichment is definitely softpedaled; when the drive gets under way March 18, manufacturers will be allowed to use the approval seal if they simply plug well-rounded diets. As soon as the original program got under way, McNutt was urged by food advertisers to provide seals of approval and other devices which would tie their sales appeal directly to the nutrition program.

• **McNutt's Position**—For a long time, McNutt sat on the fence. As Federal Security Administrator, he is boss of the Food and Drug Administration, which always has opposed government seals of approval for foods not produced under continuous government inspection. But, as head of the nutrition program, Mc-

OWNER ABSENT PLEASE REPORT TO POLICE Any Tampering With Car or Tires

THIEF WARNING CARD

KEEP CARD IN GLOVE COMPARTMENT. POST UNDER GLASS OF DOOR FACING REARWHEEL BEFORE LOCKING AND LEAVING CAR.
Copyright 1942, Dealer News, Los Angeles

THIEF INDICATOR

Southern California gasoline service stations, looking around for something to sell, have welcomed the "thief warning cards" copyrighted and distributed by the Los Angeles Dealer News. Car owners display the cards

inside locked vehicles to serve notice on passersby that anyone tampering with car or tires should be reported. Theory is that car and tires are often stolen because witnesses believe the thief they see in action is the rightful owner. Service stations pay 5¢ for the cards; sell them for 10¢.



Who steered New York's Midtown Tunnel?

Every few feet under the bed of New York's East River, a giant cookie-cutter—properly named a shield—has just completed its 32-inch advance into a varying mixture of gravel, mud and boulders. Twenty-eight Watson-Stillman 200-ton Hydraulic Jacks shove it ahead, pressing back against the steel tunnel lining behind it. These jacks are controlled by that battery of valves high up on the face of the shield. And the men who man those vital valves are the men who steer the tunnel.

The "shove" completed, the jacks are retracted and the Watson-Stillman Hydraulic Erector Arm, pivoting like a giant clock hand on the rear face of the shield, picks up a ton-and-a-half segment of the next lining ring and rams it into place for bolting the preceding ring.

Outside the tunnel, Watson-Stillman Hydraulic Pumps and Accumulators turn power into pressure that actuates erector arm and jacks.

On New York's Midtown Tunnel (completed late in 1940), as on many another aqueous tunnel both here and in Europe, Watson-Stillman Hydraulic Machinery made engineering history.

Today, under pressure of the unprecedented Victory Program, other Watson-Stillman products are making more history, as demonstrated in the column at the right.

Tomorrow, Watson-Stillman engineering skill will make still more history. Why not get acquainted with W-S products, facilities and abilities now? Perhaps future history can be made for you. The Watson-Stillman Company, Roselle, New Jersey.

WATSON-STILLMAN

Engineers and Manufacturers of Hydraulic Machinery and Equipment—
Hydraulic Presses, Pumps and Jacks, Forged Steel Valves and Fittings



METALWORKING MAMMOTH HELPS SHIP PROGRAM

America and England continue to hold mastery of the high seas—but largely because enterprising U. S. shipyards are working far ahead of schedule. Machines like that shown above help them get the jump on time and Adolf Hitler.

This 1500-ton-capacity Watson-Stillman Keel Plate Bending Machine is 23 feet long, 18 feet wide, 29 feet high, and weighs 420,000 pounds. It bends thick steel plates into the complex contours that give our ships an extra knot of speed or save an extra barrel of precious fuel. Main rams are 36 inches in diameter, the platen 6 feet by 22 feet. Its die bolster is 22 feet long and 1 foot, 10 inches wide. Its beam has a 4-foot stroke.

This giant press is but one result of 95 years of W-S experience in designing and building hydraulic machinery. Other results of W-S experience, facilities and skill may meet your needs.

Now is the best time to acquaint us with your requirements.

NEW FOLDER HANGS IN FILE!

20% FASTER FILING — 4 GIRLS DO WORK OF 5
The greatest advance ever made in filing. Finding is visual, not manual. Every folder tab always in plain view. Saves time and effort, reduces misfiling, and cuts filing costs. Write today for Pendaflex leaflet.

OXFORD FILING SUPPLY CO.
357 Morgan Ave. Brooklyn, N.Y.

PENDAFLEX®
Made in U.S.A. Pat. Office

You will see **NEW YORK** at its best when you stay at the

Savoy-Plaza

reasonable rates

Overlooking Central Park
FIFTH AVE. - SIXTH TO SEVENTH STS.
Henry A. Ross, Managing Director
George Suter, Resident Manager

An Idea!...

Mobilizers of Industry

Service Dump Trucks and Trailers in many sizes and models are made up in the Service heavy-duty formula with giant swivel casters up to 18" in front and rigid rear wheels behind to give it unusual steering and handling ease. Timken bearings give the easy roll which made Service famous.

to KEEP 'EM ROLLIN'

Service Dump Trucks and Trailers keep bulk materials rolling by dumping while they roll. The load-carry un-load sequence is cut to load-carry-dump — which means simply pull a release pin and over she goes, empties without effort.

Write for description of numerous types.

SERVICE CASTER & TRUCK CO.,
630 N. Brownwood Ave., Albion, Mich.
Eastern Factory: 420 Somerville Ave., Somerville (Boston), Mass. Toronto, Canada: United Steel Corporation, Ltd., SC&T Co. Division

SERVICE

DUMP TRUCKS

Nutt realistically faced the fact that the quickest and surest way of putting foods on the consumers' table was via food industry advertising and promotion.

Recent announcement by the Army, which previously had eschewed the product, that it would buy only enriched flour in the future, was one of the more obvious attempts to prop up the nutrition program.

• **Trial Balloon**—The South Carolina bill, which was sprung without advance warning in Washington, has taken on the form of a trial balloon. The federal government, of course, doesn't want to mix in South Carolina legislative affairs, but the quasi-governmental National Research Council's food and nutrition committee sent a favorable telegram to a hearing.

Even millers are beginning to ask themselves whether mandatory enrichment is not the answer, but margarine makers are opposing mandatory fortification of their product on the ground that supplies of Vitamin A, already tight, might become unavailable and their product would be forced from the market.

Circulation Is Up

That goes for all major advertising media, but overhead climbs, too. Many newspapers are raising per-copy price.

With the increase in national income and with more and more drama in the news, all the major advertising media are showing the largest aggregate circulations in history. This trend—already suspected on the basis of earlier, piecemeal figures (BW—Dec. 20 '41, p. 38)—now has been documented with more conclusive detail.

• **Overhead Up, Too**—Ordinarily, circulation upturns are a thing of joy and the source of elaborate promotions. But today the war has partially overclouded all that. What's bothering the media is that overhead—as well as circulation—keeps climbing.

So far only the American Newspaper Publishers Assn. has taken time out to brag about the circulation upturn. Recent increases take on special significance against the background of almost steady gains recorded since 1929, particularly since war broke out in Europe. Here's what has happened, beginning with the high-water mark of the 1920's:

	Average Daily Net Paid Circulation
1929.....	39,425,615
1930.....	39,589,172
1931.....	38,761,187
1932.....	36,407,679
1933.....	35,175,238
1934.....	36,709,010
1935.....	38,155,540
1936.....	40,292,266

1937.....	41,418,739
1938.....	39,571,839
1939.....	39,670,682
1940.....	41,131,611
1941.....	42,080,391

Based on a six-month count, ending Sept. 30th of each year. Compiled by the American Newspaper Publishers Assn. from data supplied by the Audit Bureau of Circulation, Editor & Publisher International Year Books, and N. W. Aver & Son's Directories.

• **Magazine Pattern**—Among magazines, a somewhat similar pattern is evident (though harder to disentangle, because the magazine field in the aggregate has benefited by a large influx of motion picture, mystery, pulp, radio, romance, and comic publications):

	No. of Magazines Measured*	Total Ave. Net Paid Circulation (in Millions)	% Newsstand Circulation
1929.....	149	60.6	37
1930.....	142	58.5	36
1931.....	132	56.0	33
1932.....	134	55.4	33
1933.....	135	53.6	33
1934.....	147	58.4	34
1935.....	159	63.2	36
1936.....	162	69.0	38
1937.....	168	74.3	41
1938.....	176	77.7	42
1939.....	167	76.0	44
1940.....	180	86.3	44

* Includes some group publications. Data compiled by the Assn. of National Advertisers.

Carrying the above figures a year farther by using a sample as indicator, the A.N.A. has found that 21 national publications increased their circulation 5.5% in the first six months of 1941 as against a similar period in the prior year. And the trend apparently is still upward.

• **Radio Listening**—Radio audiences are not subject to the same long-term audit because the Cooperative Analysis of Broadcasting changed the base of its measurements less than two years ago. On the other hand, those practiced in reading C.A.B. figures believe that the current level of listening beats the former high mark which—insofar as can be determined—occurred in December, 1940. The latest index shows:

	Average % of Sets in Use, 6-11 P.M.
Dec. 1940.....	31.4
Jan. 1941.....	31.3
Dec. 1941.....	30.4
Jan. 1942.....	32.5

Outdoor posters and car cards are most readily checked by means of traffic measurements. With respect to posters, the Traffic Audit Bureau has noted an increase of 2.6% in January, 1942, as against January, 1940. But this figure may be on the conservative side because the T.A.B. calculates a 1.75 "load factor" for each vehicle, and that's apt to be meager now that there's more doubling-up in auto transportation. (A correction, if necessary, in load and seasonal factors will be instituted by the T.A.B. after an extensive new traffic analysis, now under way.) In the car card

STEEL STRAPPING SAVES SPACE FOR WAR INDUSTRIES



STEEL BANDED LUMBER DOUBLES STORAGE YARD CAPACITY

In the warehouses and storage yards of many vital industries, space is being effectively conserved by the use of Acme Steelstrap. In the huge yards of a terminal on the Eastern seaboard, bundling of lumber for shipment with Acme Steel Bands is conserving valuable space.

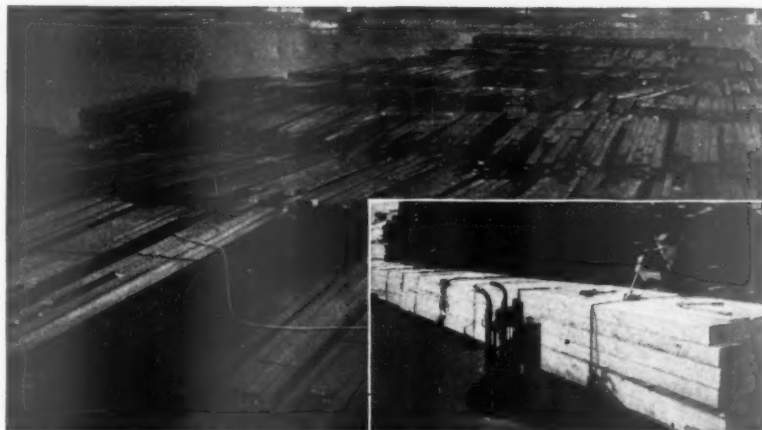
Lumber is now piled twice as high as ever before. Consequently yard capacity has been doubled. Also, the hazard of accidents in this lumber-crammed yard has been eliminated. There is no longer any danger of falling pieces and employees can work with peace of mind.

Before World War II, this large inter-coastal terminal could easily accommodate the lumber which arrived daily—but vast stores of lumber accumulated as the demand kept mounting. Then too, shipping space was at a premium. Acme Steel Bands provided the solution to the overtaxed storage facilities.

In the shipping of your Victory products, your problems may be conservation of space—speedier delivery—or safety in transit. Acme Steelstrap can solve these economically.

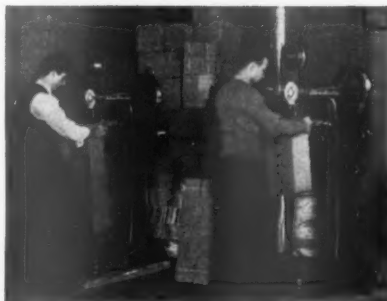
NEW ACME PUBLICATION HELPFUL TO SHIPPERS

Important information to shippers of V products is carried in the current issue of ACME PROCESS NEWS. This illustrated, news-packed publication shows how manufacturers of all types of products are assuring faster, safer, more economical shipping. A copy can be had by mailing the coupon.

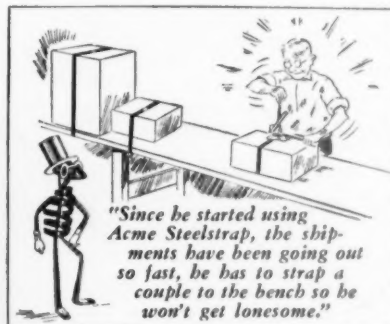


Acme Steel Bands make possible the greatest concentration of lumber in any one spot in the United States. (Inset) Operator tensions Acme $\frac{3}{4}$ " Steel Bands to bundle for convenient handling by crane.

ACME SILVERSTITCHERS SPEED UP V-SHIPMENTS



Manufacturers in the war industries are obtaining new speed in stitching fibre and corrugated boxes with Acme Silverstitchers. Sealing by stitching is five times faster . . . is twice as strong as other sealing methods. This new type of Acme equipment effects important economies, too. Because less material is used, sealing costs are cut as much as 50%. Acme wire and equipment function as a unit, assuring stitching satisfaction.



FASTER SHIPMENTS WITH ACME STEELSTRAP

Every shipment is "Bound to Get There" faster with Acme Steelstrap. Used for reinforcing all kinds of shipping packs—cartons, boxes (wooden or fibre), crates, bundles, skids—to assure important savings in labor, material and time. Small packages can be bundled into a single unit—sometimes permitting a more economical express classification. With large units, Acme Steelstrap often makes possible a lighter weight and less costly container.

ACME STEEL COMPANY

2828 Archer Ave., Chicago, Ill.

MANUFACTURERS OF: STEELSTRAP, UNIT-LOAD BANDS, CORRUGATED FASTENERS, CARTON STITCHING WIRE, SILVERSTITCHERS, STRIP STEEL AND OTHER STEEL PRODUCTS.

☐ Send complete information on fast, safe and economical shipments of Victory products.

☐ Mail me a copy of Acme Process News.

Mr. _____

Company _____

Address _____

THE FOOD THAT LEFT MEN STARVED...



Thirty years before the Polish chemist, Funk, isolated the "vitamine" Stephen Moulton Babcock was absorbing from great-domed Teutons the scientific doctrine of the day . . . that protein, fats, sugars and minerals formed a perfect diet for man or beast. Later engaging in research on the feeding of cattle, Babcock concluded that different diets of equal food value would *not* necessarily produce equal results. He proved his theory on two cows...one of which thrived, while the other quickly died.

Thus did this unsung discoverer of "hidden hunger" demonstrate that in addition to the *known* food principles in an adequate diet, small quantities of an *unknown* yet vital substance must also be present.

Meanwhile, from far-off lands came reports of other findings...that beriberi, scurvy, pellagra, eye diseases and other such ills resulted not from infection, but from dietary deficiencies. Finally, in 1911, Casimir Funk at the Lister In-

stitute in London succeeded in isolating one of the hitherto unidentified dietary factors essential to life. Containing basic "amine" nitrogen, he called it "vitamine."

Today, the vital dietary function of vitamins is known throughout the world. Many countries have adopted legislation compelling correction of vitamin deficiencies in certain foods. Great pharmaceutical plants now produce these life-giving compounds on a vast and economical scale.

Because INCO Nickel Alloys aid in preserving the potency, uniformity, and purity of vitamin compounds, these metals are widely used for processing equipment . . . thereby helping to protect the health and increase physical efficiency of a nation at war.

THE INTERNATIONAL NICKEL COMPANY, INC.

67 Wall Street

New York, N. Y.

In the processing of vitamin compounds Monel, Inconel and Inconel-clad steel are used for extraction tanks, digesters, vacuum stills, chutes, hoppers and other equipment. Trays used in the drying unit below are made of Inconel.



Inco NICKEL ALLOYS

MONEL • NICKEL • INCONEL • "R" MONEL • "S" MONEL • "K" MONEL • "Z" NICKEL • "KR" MONEL

field, statistics compiled by Transit Journal show the following:

	Transit Passengers
1931.....	14,212,362,000
1932.....	12,176,350,000
1933.....	11,603,900,000
1934.....	12,473,200,000
1935.....	12,598,200,000
1936.....	12,984,842,000
1937.....	13,261,860,000
1938.....	12,663,167,000
1939.....	12,980,000,000
1940.....	13,228,002,000
1941.....	14,365,610,000

Insofar as any of these gorgeous figures represent paid circulation, the question now is: How long will they be maintained? For it's becoming increasingly clear that the reader will be asked to pay for some of the overhead that's worrying the media. Advertisers can't—probably won't—be asked to pay it all.

● **Raising Per-Copy Price**—Already about a sixth of the U. S. daily newspapers have upped the per-copy price a penny or two. Notable recent example was the boost to 12¢ in the price of San Francisco Sunday papers.

Among the magazines, likewise, the same trend is in progress. The three big 10¢ women's magazines are all committed to a 15¢ price as of this spring. Biggest news this week, however, was the Saturday Evening Post's jump to 10¢ (\$3 per year)—the first single-copy price change in over 100 years.

But neither newspapers nor magazines know what the full effect of these new policies will be. From a short-term viewpoint, the Ladies' Home Journal says there's been no apparent drop in circulation in the first month of the price increase. But whether that experience will apply to others, or how long it will apply, nobody will venture to guess.

● **Fingers Crossed**—Radio isn't bothered by an identical problem, but its fingers are crossed and there is a mute in the promotional trumpet. It is being asked to carry a bigger and bigger load of government programs which may have a lopsided effect. Furthermore, the reduction in the manufacture of new receiving sets isn't any help either.

BIJUR TAKES A NEW JOB

Several advertising agencies, caught in the backwash of war shortages, have gone out of business—involuntarily, of course. Last week came the first voluntary casualty when George Bijur announced that in 60 days he'll put proof-books, files, etc., in storage and lock up shop for the duration.

Bijur's reason for suspending operations is that everybody who's eligible (including himself) has signed up with the military forces. Those who couldn't make the grade have been placed in jobs elsewhere. As for present clients, they've been supplied with enough copy to last the year out. Thereafter other organizations will service the accounts until Bijur returns.

Rent-a-Salesman

This is latest in field of merchandising. Service launched as subsidiary of station WLW for "integrating" of functions.

This week the Arcady Milling Co. is conducting a sales drive in and around Cincinnati without any of its own salesmen, wholesalers, or brokers doing the doorbell-pushing. This time the job is being handled by Cincinnati's newest development in the field of merchandising—rented salesmen.

• **WLW's Subsidiary**—Behind the idea is Powell Crosley, Jr.'s veteran radio station WLW, which has long paid as much attention to getting advertised products in and out of stores as it has to broadcasting. Among other things, WLW tests advertising copy claims on human guinea pigs; issues seals of approval; attempts to measure the efficacy of premiums (BW—Nov. 15 '41, p. 58); and keeps a running check on food and drug product popularity. Now it has established a new subsidiary, Specialty Sales, to make salesmen as available as the dress suits one may rent or the rides one may take in taxicabs.

Newspapers and radio stations have always had their finger halfway in this pie by helping advertisers put up store displays or giving merchants pep talks (sometimes without charge, but more often on an actual-cost basis). In taking the final step into actual selling, WLW claims it is simply integrating the functions of advertising and marketing into a logical whole.

• **For Punchy Drives**—Specialty Sales, however, is no full-time substitute for an advertiser's regular sales staff. Its purpose is to stage short, punchy drives from a minimum of one week to a maximum of 90 days. Prospective clients are being attracted with the idea that such a fortified sales capsule will be especially handy in selling and testing new wartime products and packages. Another angle: Neglected products can be given a shot in the arm. Biggest point, however, is that an advertiser's sales setup doesn't function with uniform efficiency from one end of the year to the other, thus will benefit by a special push.

Right now Specialty Sales will tackle only the Cincinnati marketing area. Later, as new man power is added, the nine major marketing areas in Ohio, Indiana, Kentucky and West Virginia will be covered.

• **On a Salary Basis**—All of Specialty Sales' employees work on a salary, not on commission. Head of the organization is Lou E. Sargent, former food and drug sales executive, long associated with the Upjohn Co., Horlick's Malted

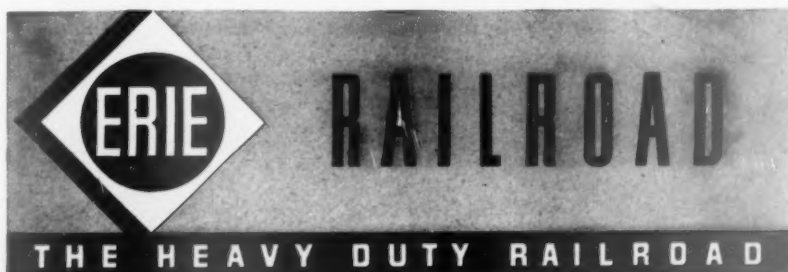


Ready to KEEP 'EM ROLLING

• Years ago, the Erie Railroad embarked on a vast program of expansion and modernization. Now we are ready—men and equipment—to "keep 'em rolling" for victory.

Feeding the production lines of America's Industries—carrying away their output in ever-increasing quantities...the road that service built is serving America as never before in its 110-year history. We're at your service, too!

For transportation information, see the Erie man.



Milk, and the Harold F. Ritchie Co. His setup has been arranged so that it can tie in with the work of WLW's regular merchandising and research staffs.

Because Specialty Sales' personnel is employed on a continuous salary basis, WLW claims its rates are cheaper than if an advertiser assembled a similar amount of independently-hired man power. Charges are geared to a per-call or flat weekly basis, whichever is preferred.

● **Restrictions**—Although a subsidiary of the radio station, Specialty Sales will take clients who aren't using WLW. Sole restrictions are (1) that no more than four campaigns will be handled simultaneously, and (2) that products do not compete with each other. Arcady Milling, whose contract started in mid-February, is the first experimenter.

Glass Troubles

Fruit, vegetable packers, hedging against a 1943 tin-can shortage, switch to glass; hit new merchandising snags.

With California packers leaning more and more to glass packaging many unforeseen merchandising problems are coming to light. Despite the fact that canners will get 100% of their 1941 tin can supply for the 1942 fruit and vegetable pack, several packers prefer trying their luck in glass (BW—Oct. 18'41, p. 51).

● **See Shortages Ahead**—One reason for this is the growing belief that in spite of the availability of tin for fruit and vegetable packing this year, serious shortages may be encountered in 1943. By establishing their brands in glass this year, these packers expect to be in better position when tin gives out.

Among the arguments formerly advanced against glass packaging are breakage and extra cost of packing and handling. Contrary to public conception, breakage in wholesale deliveries is negligible (for instance, Crow-Roberts, northern California distributors for U. S. Products Co., San Jose, California, pioneers in glass-packed fruits and vegetables, report not a single jar broken in their territory since they started handling the glass-packed products).

● **Display Problem**—Far more serious to the retail grocery is the difficulty of stacking and displaying glass jars which, unlike canned goods, cannot be stacked high on shelves or pyramided in island displays. This means that if many items are glass-packed, the grocer must either enlarge and reconstruct his shelving or reduce his stocks.

Also a problem to the retail distributor is the matter of customer breakage within the store. This loss, which usu-



WINDOW TRIM—BRITISH STYLE

Art Note: Done in the little-used medium of adhesive tape on glass, a show

window of Leopold Morse's downtown store in Boston reveals a strong British influence. It's a feature of the firm's 90th birthday sale.

ally must be met by the store owner, is much greater in chain stores and large serve-yourself groceries than in the more intimate, small outlet.

● **Promotes Home Canning**—In favor of glass packaging is a growing consumer demand, created largely by government promotion of home canning (rubber rings and sugar for home canning will be available). Many customers now purchasing glass-packaged fruits and vegetables have in mind the reuse of the containers.

One of the worries of the canners, if glass canning becomes general, is the question of what to do with B and C grade products. The eye appeal of Grade A fruits is a potent selling factor but with lower grades, or with products which do not hold their color and shape well, they fear that easy inspection by the housewife may be a distinct handicap. Already canners have abandoned the glass packing of artichoke hearts because they don't show up to advantage in glass. Some canners are considering use of opaque glass in the packing of goods below fancy grades.

● **Lithographers Worried**—Incidentally, fear of the lithograph companies that the smaller-sized labels (usual on glass-packed products) would cut down their business, is being somewhat allayed by the fact that some packers are talking about labels on glass only slightly smaller than on tin cans. With larger labels, they argue, housewives would see less of the product and find fewer flaws.

G.M. REPURCHASE PLAN

Initial step in General Motors' widespread new campaign to save the dealer is an offer to repurchase any or all of a dealer's stock of new cars. The terms: Price paid by the dealer, plus \$15 or 1%

of list price (whichever is lower) per month per car between Jan. 31 and the date of resale. These optional allowances—\$15 or 1% per month—are the maximum amounts which OPA permits dealers to charge on cars they hold in stock.

Though only one factor in a whole series, the G. M. repurchase plan is, for the moment, of greatest importance. Many a dealer has his money frozen in inventory, needs cash. Unless relief is supplied, the dealer may ruinously underprice the few cars he is allowed to sell in a feverish attempt to bolster his bank balance, or even begin trafficking with auto bootleggers. Hence relief in this sector is of first importance.

CENSORSHIP GUIDEBOOK

War themes in advertising often mean that the advertiser has to beware of giving away official secrets, hence should submit copy and photos for approval. To clear up the problems of what should be submitted and to whom it should be sent, the Assn. of National Advertisers (330 W. 42nd St., New York City) last week issued a guidebook. Arranged in question-answer form, it covers 24 major points, officially expounded by John H. Sorrells, assistant director of the Office of Censorship. Over-all theme of the guide is:

"Manufacturers of material and equipment used by our military forces should guard against specific disclosure of plant locations, either in copy or illustrations. They should not reveal specific details concerning the nature or the type of material or equipment they are producing. They should not reveal production progress in specific figures. They should not reveal their stocks and surpluses of raw materials. They should not describe new



MUCH FASTER and smoother is the rolling of Uncle Sam's army these days—caissons and all. That's due to mechanization and to rubber *that's made with the aid of valves*. Transforming the raw ingredients of rubber into husky tires and tractor shoes is done with steam, water, and chemicals, and so, control of the entire process depends on valves.

Modern rubber making typifies the vital role of valves in power and light generating plants and in every factory

needing fluids to make its products. Your plant, most likely, is one of the countless majority where the turn of a valve starts or stops the flow of power or, regulates the quality and speed of a manufacturing process. Valve dependability counts most—then!

That explains why industrial management pays such close attention to piping, also, why so many plants standardize on Crane valves and fittings. They're backed by an 85-year record of leadership in flow control design.

"AID TO VICTORY" PIPING SERVICE

Because piping is so important to production lines, Crane offers a Shop Bulletin Service designed to give timely aid in two ways: (1) In training new men for maintenance of pipe lines, and (2) in getting increased efficiency from flow control equipment. Your Crane Representative will gladly provide these Bulletins free—on request.



CRANE

NATION-WIDE SERVICE THROUGH BRANCHES AND WHOLESALERS IN ALL MARKETS

CRANE CO., GENERAL OFFICE
331 N. MICHIGAN AVE., CHICAGO
VALVES • FITTINGS • PIPE
PUMPING • HEATING • POWER

WILL YOURS BE A
"WAR CASUALTY"?



SWING-O-RING loose-leaf binding

... is War-timely insurance against "Sudden Death" in your Catalog family. Plan your catalogs, manuals, etc. to last for the duration so that emergency price and material changes will not make them obsolete overnight. Leading companies everywhere are swinging to Swing-O-Ring, the modern loose-leaf binding with revolutionary scissor-like action... 600% greater page strength... and less weight and bulk. Available in 10 colors and bright nickel and lengths from 4" to 40". Write for name of licensee near you.

SWING-O-RING, Inc.
Div. of The Fred Goet Co., Inc.
314 Dean St., Brooklyn, N. Y.



A GOOD INVESTMENT FOR WAR PRODUCTION PLANTS...



BARCOL OVERDOORS WITH ELECTRIC OPERATORS

GET enduring, efficient door service and keep maintenance at a minimum by using Barcol OVERDOORS with Barcol Electric Door Operators. Barcol hinged-roller construction is an outstanding feature of this free-running, non-sticking door that closes tightly yet opens easily. Thousands of industrial installations testify to the success of the Barcol OVERDOOR for industrial service. Ask your Barcol representative for detailed information.

BARBER-COLMAN COMPANY
ROCKFORD - ILLINOIS

What's Happening to the Cost of Living

	Food	Clothing	Rent	Fuel, Ice, & Elec- tricity	House Furn- ishings	Misc.	Total Cost of Living
August, 1939.....	93.5	100.3	104.3	97.5	100.6	100.4	98.6
January, 1941.....	97.8	100.7	105.0	100.8	100.1	101.9	100.8
February.....	97.9	100.4	105.1	100.6	100.4	101.9	100.8
March.....	98.4	102.1	105.1	100.7	101.6	101.9	101.2
April.....	100.6	102.4	105.4	101.0	102.4	102.2	102.2
May.....	102.1	102.8	105.7	101.1	103.2	102.5	102.9
June.....	105.9	103.3	105.8	101.4	105.3	103.3	104.6
July.....	106.7	104.8	106.1	102.3	107.4	103.7	105.3
August.....	108.0	106.9	106.3	103.2	108.9	104.0	106.2
September.....	110.8	110.8	106.8	103.7	112.0	105.0	108.1
October.....	111.6	112.6	107.5	104.0	114.4	106.9	109.3
November.....	113.1	113.8	107.8	104.0	115.6	107.4	110.2
December.....	113.1	114.8	108.2	104.1	116.8	107.7	110.5
January, 1942....	116.2	115.7	108.4	104.2	117.8	108.3	111.9

Data: U. S. Bureau of Labor Statistics; 1935-39=100.

designs or new processes or even new experiments with new designs and processes. However, advertising copy can stress... skill... inventiveness... extent of the manufacturer's facilities."

Meantime the National Better Business Bureau has issued a revised edition of "Reference to the Army and Navy in Advertising," and simultaneously warned against using the Red Cross name or symbol in connection with any product.

Women's War

McCall's magazine turns February cover from valentine to a pledge button, and finds it has a ten-strike campaign.

When the news of Pearl Harbor was breaking upon the nation, McCall's magazine had just O.K.'d a frilly valentine cover for the February issue. Promptly the valentine went into the wastebasket, and in its place appeared a serious young lady wearing a consumer pledge button saying "I've enlisted." Readers were told in a double-page spread that they, too, could get a button if they'd sign the pledge, printed inside the magazine, and return the coupon.

• **Playing a Good Thing**—Within three weeks, 155,000 coupons had poured in (McCall's puts them on file in Washington). Cheered by what looks like a good editorial slant, McCall's is now going whole hog in the housewives-can-help-win-the-war direction. With the March issue it has added a Washington news letter in the customary typewritten, heavily underscored, feed-box style advising housewives what shortages loom ahead, and how to conserve what supplies they have. The pledge button idea has been extended to food, drug, and department stores.

Basically, the consumer idea hails from OPA. Back in the days of Harriet

Elliott, the consumer division wrote up a creed which was plugged by Mrs. Roosevelt and other feminine big shots. It read: "As a consumer, in the total defense of democracy, I will do my part to make my home, my community, my country, ready, efficient, and strong. I will buy carefully; I will take good care of the things I have; I will waste nothing."

• **Workers from OPA**—This is the pledge McCall's has now woven into its editorial policy. Meantime the Washington bureau which compiles the tips printed in the monthly news sheet is also populated with OPA-trained personnel, but the names are not divulged.

First of the four big women's magazines to make a definite wartime editorial change (all of McCall's service features are slanted toward conformity with the pledge angle), the publication has prestige, rather than direct advertiser appeal, in mind. On the other hand, advertisers have been plentifully informed of what's going on, are thus given a chance to tune their copy to the editorial key.

TIPOFF ON LABELS

An inkling of what's ahead as regards wrappers and labels has come from the War Production Board. John T. McCarthy, in charge of the Bakery Section of the Food Supply Branch, has told the baking industry (1) not to change designs of current wrappers or packages prematurely and (2) to undertake a conservation program when the present batch of plates wears out.

Reason for not jumping into immediate changes, McCarthy advised the bakers, is that the changeover would require the use of scarce materials while usable plates are still on hand. But when these wear out, new wrappers should be designed to cover only 25% to 33% of the product's surface, and go easy on such colors as yellow, orange, white, blue.



SPIKING THEIR GUNS!

American industry is busy today spiking the guns of the foes of freedom.

And in that job you can count the American railroads right up toward the head of the list.

They're hauling more tons more miles per day than ever before.

They're making every piece of equipment do more work than ever before—and are pouring earnings back into more

equipment to do their job even better.

That's why we say, one of the biggest spikes in the Axis' guns will be a railroad spike.

They started this "war of movement"—and now they're going to find out what movement really means in the U. S. A.

★ ★ ★



Good packing, secure loading and careful handling will conserve time, materials, money, and will help win the war. We can't afford waste now.

ASSOCIATION OF



AMERICAN RAILROADS

WASHINGTON, D. C.

Wayne

**SAVED SO MUCH
THEY BOUGHT
Another One!**



**SOLD
WITH A
PERFORMANCE
GUARANTEE!**

A MANUFACTURING plant purchased a Wayne 5 H. P. Compressor late in 1941 to replace an old "jalopy" compressor which had been wasting power and losing productive time through breakdowns for years. The new Wayne saved so much time and speeded up work so greatly that they recently bought another one. If your work needs air, you can get a big production bonus with a Wayne. Power savings alone will pay for it. Write for Wayne Engineer.

**THE WAYNE PUMP COMPANY
FORT WAYNE, INDIANA**

World's Largest Manufacturer of Gasoline Pumps

**Wayne
IS MAKING
PROJECTILES
COMPRESSORS
AND PUMPS FOR
NATIONAL
DEFENSE**

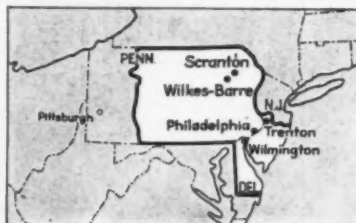


**Wayne
5 H. P. Compressor**

DIRECT FACTORY SERVICE

The Regional Market Outlook

PHILADELPHIA (Income Index—138.9; Month Ago—136.9; Year Ago—115.9)—Although this is one of the nation's chief arms centers, nondurable goods industries still rank high in this Reserve district. And intensifying pressure on carpet, hosiery, textile, and apparel operations—due to pinched supplies of wool, silk, rayon, nylon, etc.—is retarding over-all payroll gains. Anthracite mining, too, has been laggard recently, although the tanker shortage



37,023 sq. mi.

pop. 7,777,910

CHICAGO (Income Index—147.0; Month Ago—144.1; Year Ago—125.8)—Michigan and the auto industry suggests the general pattern of things in this Reserve district—a letdown now, followed by a boom later in the year.

Though conversion to war work has produced serious unemployment, the reality is only half the anticipation—the winter peak will be nearer 150,000 than the 300,000 first feared. Moreover, payrolls will be back to peacetime highs in six months. After that, persistent gains are in prospect, as auto factories at Detroit, Flint, etc., attain record production totals, and numerous new plants open up.

The slump in the Chicago, Milwaukee, Indianapolis and other industrial areas—the result of curtailment in farm implement, household appliance, and other lines—will be more moderate than in Detroit. But, so will the subsequent upsurge. Continuing payroll gains are

may raise demand to a slight extent.

Moreover, ordnance—second only to shipbuilding as a war industry here—may not furnish as great a stimulus as in other armament regions. It is true that aggregate output of tanks, guns, armor, etc., has jumped 2,500% since last year, and soon will double again. But the rise is likely to top off. Much of the gain has been achieved by pools of small manufacturers—notably at York, Allentown, Stroudsburg, etc.—and by a few such heavy-goods producers as Baldwin and Budd. In contrast, new plant awards have been few, and any such arsenal as the auto industry is lacking.

All this points to below-average income prospects for the district. But there are important exceptions: Philadelphia, with its nearby shipbuilding cities (Wilmington, Chester, Camden), and arms towns (Hathboro, Eddystone, Ardmore), and such other arms "hot spots" as Berwick, Williamsport, York.

assured at the many district arms towns, and, in the light of recent heavy war awards, at such Illinois cities as Rockford, Rock Island, Davenport, Decatur, Illinois, Amboy.

Rural markets are outstanding. Although 1941 farm-income gains were above-average only in Wisconsin, the concentration here on pork, beef, milk, and other livestock products is now paying dividends as current receipts outstrip the nation's.



190,446 sq. mi.

pop. 19,406,389

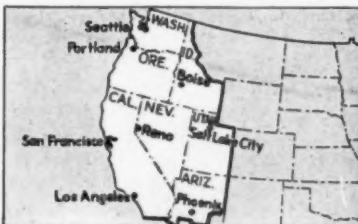
SAN FRANCISCO (Income Index—157.3; Month Ago—155.0; Year Ago—130.7)—Industrial areas continue to record the greatest income gains, but farming areas are not to be overlooked as sales spots.

Output of crops all along the line is apt to run ahead of that in 1941—sugar beets and long-staple cotton particularly. And except for citrus fruits (BW—Feb. 14 '42, p. 50), prices generally are strong. For instance, lettuce, carrots,

and celery have been in active demand so far this season.

Moreover, the number of livestock on farms has increased over a year ago—cattle and calves more than in the nation. And range conditions have been so good that ranchers have not had to buy the usual amount of winter feed. Net result: costs are down and profits up. Dairy income likewise has improved.

Meanwhile, factory employment steadily increases, with aircraft and shipbuilding leading. Other expanding lines are hardware, machine tools, electrical machinery, and foundries. The approach of warmer weather will spur logging operations in Washington and Oregon, particularly to meet army cantonment demand. Retail sales around Marysville and Pittsburg, Calif., and Medford and Corvallis, Ore., are responding to military construction awards. In the interior of the district, activity at copper and other mines is on the increase or at capacity.



685,438 sq. mi.

pop. 11,280,195

That Your Family May Face the Future Unafraid!

REDUCED to its simplest personal terms, that is what we are fighting for.

The victory will "take winning" but it will be won.

For America is strong . . . strong in red-blooded patriotic men and women . . . strong in industrial plants equipped to produce the sinews of war . . . strong in financial resources . . . strong in the capacity of our people to work, save and sacrifice . . . and above all else, strong in the will of a free people to keep their freedom.

Another source of national strength is the family security that the American people have built and are continuing to build through life insurance.

This family security is more important today than ever before. It helps to build national morale, and sound morale among Defense Workers and other home folks, as well as among our fighting forces, is essential to victory. The Equitable Life Assurance Society of the United States provides \$7,607,000,000 of life insurance protection.

Life insurance also serves to strengthen the social and economic fabric of the nation through the unceasing flow of benefit payments. Every hour of 1941 The Equitable paid an average of \$23,918 in benefits, a total of \$209,000,000.

A life insurance institution is also privileged to aid the war effort by investing in U. S. Government securities and by providing capital to industry to produce needed materials. The Equitable recognizes an obligation on behalf of its policyholders to direct a large part of its funds into Government securities. Between the attack on Pearl Harbor and the year-end, The Equitable acquired \$88,500,000 of U. S. Government obligations. Supplementing financial aid to Government, The Equitable has \$1,491,500,000 at work in industry and business.

By promoting individual thrift, life insurance is supporting the Government's program for reducing non-essential spending and paving the way for increased war production. Equitable agents last year helped 100,000 persons to establish \$306,000,000 of individual life insurance protection.

The protection and cash resources policyholders build through their policies not only help American families withstand financial shocks of the war period but provide a backlog of security to meet post-war readjustments.

Just as every Equitable policyholder will make the utmost possible personal contribution toward our war effort, so the management will work and plan with the one objective that transcends all else—helping America to achieve victory.

Thomas T. Parkinson
PRESIDENT



"YOUR POLICY"

There is a story behind every life insurance policy . . . a story of things deep down in human hearts. The smile of a baby . . . the tender glow in the heart of a mother . . . the pride of a father. In reality, these human things are as much a part of the annual report of a great life insurance institution as an accounting of the stewardship of millions of dollars of policyholder funds.

"Your Policy," annual report of The Equitable Society, endeavors to capture some of these human things. It also contains practical illustrations of how best to use your present insurance. You may obtain a copy from any Equitable agent or the Society's home office. A copy is being mailed to all policyholders.

SUMMARY OF ANNUAL STATEMENT FILED WITH NEW YORK INSURANCE DEPARTMENT

	December 31, 1941
ASSETS	
Cash*	\$ 82,957,111
U. S. Government Obligations†	407,120,949
Public Utility, Railroad, Industrial and other Bonds†	1,450,909,407
Preferred and Guaranteed Stocks	46,619,388
Common Stocks	391,075
Mortgage Loans	370,267,984
Real Estate	127,709,871
Loans on Society's Policies	197,459,611
Other Assets	57,200,112
Total Admitted Assets	\$2,740,635,508
RESERVES AND OTHER LIABILITIES	
Reserves for policy and contract liabilities	\$2,546,850,838
Policyholders' prepaid premiums and unpaid dividends	29,085,890
Reserve for taxes	4,280,500
Unearned interest, expenses accrued and other liabilities	5,496,248
Reserve for future payments under agents' retirement plans and to retired employees	4,039,319
Funds allocated for dividends in 1942	34,401,465
Surplus funds for special contingencies	7,786,000
Unassigned funds (surplus)	108,695,248
Total Liabilities and Reserves	\$2,740,635,508

*Including time deposits of \$99,808.

†Including \$5,356,316 on deposit with public authorities.

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

(A Mutual Company, Incorporated Under the Laws of New York State)

Home Office • 393 Seventh Avenue • New York, N. Y.

Famous FOOD **Hotel McEnnox St. Louis** **Friendly SERVICE**

DOWNTOWN ST. LOUIS AT YOUR BOOZESTEP!



Meet production schedules promptly with the help of ElectroLifts in your plant. Lift and carry loads ranging from $\frac{1}{4}$ ton to 6 tons—easily, quickly, safely and economically. Leading plants everywhere use ElectroLifts.

ELECTROLIFT, Inc.
30 Church St.
New York, N. Y.

ELECTROLIFT
HOISTS

Quiet operation—close headroom, simple, rugged construction—rope or push button control.

Address Dept. BW for CATALOG

PRODUCTION

This Is Concrete

From manholes and tanks to traffic signs and bathtubs, cement industry is getting new jobs as result of priorities.

In a world where practically every material is in undersupply, Portland cement is abundant. The aggregates with which it is combined to make concrete are also easy to obtain. The industry has far more kiln and grinding capacity than has ever been fully employed. There is no reason to expect that mill maintenance will be slighted, since cement is needed for military and war-industry uses. Most mills are close to fuel sources, all have their raw-material quarries at their back doors. Prices have drifted slowly downward in almost every year since the early '20s, and show no sign of stiffening even under current conditions.

• As an Alternate Material—Consequence of these conditions is that concrete is receiving lots of attention as an

alternate material for many commodities which do not rate A-1-a priorities. For an excellent instance, consider the manhole. It was not an easy substitution to engineer, but it shows how plentiful concrete is being readied to replace a really scarce traditional material.

A manhole cover is typically 24 in. in diameter, is made of 85 to 150 lb. of cast iron. The manhole frame, into which the cover fits, takes from 230 to 250 lb. of cast iron.

• **Defense Housing Angle**—When someone sets out to build 1,000 or 10,000 defense houses, he generally has to start with a piece of farm land, put in his own improvements. This means a lot of manhole frames and covers for access to underground utilities. Right now, defense builders are having manhole trouble. The War Production Board inclines to be crotchety about giving requisite priorities for iron. Hence, the housing authorities are red hot for concrete manholes.

So is the Cast Stone Institute, composed of folks who in less parlous times make architectural ornamentation from concrete. At the first faint piping of this new demand, C.S.I. sprang to action. It designed a set of precast reinforced equipment to fit the well-dressed manhole, presently made samples at a Washington (D. C.) plant and gave these a set of stiff tests. Result: By next week, you can probably buy of nearest C.S.I. member all the concrete manholes your heart desires, assuming you can obtain the almost negligible amount of reinforcing steel that they require.

• **How the Job Is Done**—The reinforcing for a concrete manhole cover is a rigid, welded wheel-like arrangement of 16 radial rods and three rings with a channel rim to prevent chipping. It weighs 15 to 20 lb., uses 85 to 100 lb. of concrete. The reinforcing for a concrete manhole frame weighs 18 lb., uses 187 lb. of concrete.

The manhole cover sells for about \$4.50 f.o.b. factory, the frame is priced in proportion; these prices are enough below cast-iron prices to leave concrete men confident they can capture the manhole market, once they get a foot in the door. They forehandedly designed their manhole cover for a total thickness of $1\frac{1}{8}$ in. at the edge—thin enough to replace cast-iron manhole covers which may, in time, be collected to boost scrap-iron supplies.

• **A Factory Product**—The manhole units require mixes of low water-cement ratio, must be vibrated to produce 7,500-lb. concrete. Hence they are more feasible to make in a factory than in the field.

An almost identical story could be

Bath Iron Works



Boosts Production WITH

"VICTORY IS OUR ONLY OBJECTIVE"

REMINGTON RAND INC. BUFFALO, N. Y. Branches Everywhere

KARDEX
visible systems of
PRODUCTION CONTROL

PLENTY AMID WANT

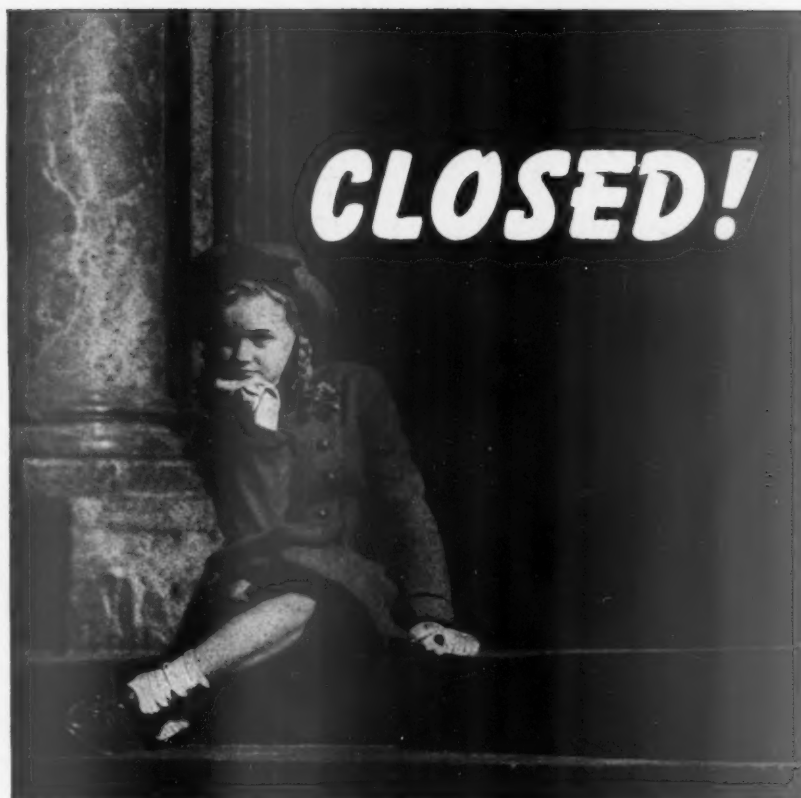
No production engineer needs to be told about shortages in raw materials today; priority orders on steel, copper, zinc, brass, formaldehyde, and a whole host of other substances drive the point home every working day. The very tightness of this situation throws into increasingly sharp relief the dwindling number of those materials which are still reasonably plentiful. Cement, for instance (page 62). Glass, ceramics, and wood, too. To aid manufacturers in the ceaseless search for substitute materials and products, Business Week will continue to examine and report from time to time on some of these more plentiful substances—supply and demand factors, prices, new uses and new manufacturing adaptations.

told about storage tanks for household oil burners. The U. S. Marine Base at Wilmington, N. C., was having trouble getting steel tanks, approached the Arnold Stone Co. of Greensboro to see what could be done about concrete oil tanks. Now C.S.I. members know how to make these tanks, of welded mesh reinforced, and 7,500-lb. concrete. The 500-gal. tanks sell at about \$56, the 1,000-gal. at about \$78. The concrete tanks weight about four times as heavy as sheet-steel tanks, but they save 355 lb. and 590 lb. of steel respectively.

• **Tanks for Bleaching**—Laundries nowadays are making their own bleach from sodium hypochlorite by an electrolytic process. Because the metal tanks required for this process are hard to get, a manufacturer of the bleach equipment got the American Concrete Corp. of Chicago to make his tanks. Now C.S.I. members are plugging open-top, rectangular metal tanks that require only 7.4 lb. of reinforcing steel for a 100-gal. unit, 14.8 lb. for a 300-gal.

Sears, Roebuck & Co. recently asked the Portland Cement Assn., to help it work out concrete septic tanks. This problem is well on the way to solution at the hands of the Cast Stone Institute's emergency committee which is charged with developing new items and soliciting its members to contribute their ideas and experience to the common fund.

• **Traffic Signs**—Ready for sale are new, reinforced concrete traffic marking signs. Ordinary traffic signs are tight because they require sheet metal, pipes or channels, aluminum foil, and other scarce items. The concrete substitutes have the colors and the letters or symbols cast in a precast flat slab of high-strength concrete, with reflector buttons set in. Only 2½ lb. of reinforcing steel are used



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in a 24-in. octagonal stop sign, and only 3 lb. in the supporting post.

Novel developments are coming to light almost daily. Perhaps the most unusual in recent weeks was the request made to the Ornamental Cast Stone Co. of Des Moines by an owner of peanut vending machines. He said he could get plenty of the glass bowls, and could piece together the requisite machinery. But he was stumped regarding the base. The precast stone firm figured out how to do the job with very little difficulty.

• **Industrial Fencing**—Hamlin & Greer of Pasadena has long sold a special type of ornamental fence made with a fancy 2-in. high-strength concrete slab held between slotted precast posts. Now the firm is making a plain-slab fence on the same principle and selling it for industrial protection. It costs more than linked wire fencing, but is said to be practical as well as available.

Another firm has now developed precast concrete stairs, made with precast stringers and precast combination non-slip tread and riser, is selling these for basements in dwelling units and is eyeing the industrial market.

• **Bathtub Designs**—Last week a representative of Pittsburgh Plumbing & Heating Supply, Inc., visited the Chicago headquarters of Portland Cement Assn. in search of concrete bathtub designs, to take the place of enameled tubs containing over 300 lb. of cast iron.

He was told these can be easily made.

The technical problem is no more formidable than that of making the everyday 1-in. slab laundry tubs which are not even reinforced.

• **Sash Weights**—Chicago Insulcrete Co. of Franklin Park, Ill., is turning out sash weights of concrete made with heavy slag aggregates. Public utilities in the Southwest are building walls of pithy lightweight concrete around their big transformers to prevent sabotage with high-powered rifles.

The Missouri River division, U.S. Engineers, is having 12,000 concrete buoy anchors made in its own shops at Gasconade, Mo.

• **In Structural Uses**—Concrete is replacing steel in many structural uses. For example, a concrete bridge is claimed to require only 33% as much steel as a comparable all-steel bridge.

A Pool Is Born

But unlike the York Plan, the Allentown program of joint action on war orders evidences the pressure of necessity.

Firmly established in the new order of things is the community industrial pool. Ever since the time a year and a



MOVIE SEAT

A new-type theater chair, which cuts use of critical materials 75%, and actually requires less metal than that which is obtained from the scrap supplied by the average old chair which it replaces, is tried out for comfort by

Dewitt Moore of the War Production Board, while Julian Brylawski, WPB's motion picture industry consultant, and H. M. Taliaferro, president of the American Seating Co., which developed the chair, discuss construction features. The name of the new wartime chair? Yes, it's "Victory."

half ago when manufacturers at York, Pa., pioneered the idea of pooling their facilities to get defense contracts (BW—Sep. 28 '40, p16), such plans have burgeoned in dozens of different localities—Elyria, Ohio; Decatur, Ill.; Corpus Christi, Tex.; Harrisonburg, Va.; Kansas City, Mo. (BW—Sep. 6 '41, p17).

Those plans are continuing to mushroom on a wide front, but there's one significant difference between the early pools, such as the classic one at York, and many of those which are coming into existence today. Those early pools were naturals; in the main, they were combinations of large manufacturing companies in the metal-working field—York Ice Machinery, York Safe & Lock, etc.—which might normally be expected to turn to the production of ordnance materials.

Many of the new pools aren't naturals—not in any sense of the word. In fact, they are definitely synthetic, having been put together by Army Ordnance officers or regional representatives of the War Production Board's Contract Distribution Division, government officials intent on mustering into service every last bit and piece of America's productive capacity.

● **A Last Resort**—Many participants in these new pools haven't joined up of their own choosing. Participation has been largely a matter of Hobson's choice, dictated by materials shortages resulting from the inexorable application of priorities.

Finally, many pool members are small manufacturers who couldn't be considered logical munitions manufacturers by the farthest stretch of the imagination. They aren't members of the metal-working industry but producers of everyday civilian goods like food and textiles and cosmetics. They are men with small machine shops, normally used only in repair and maintenance work, who now see a chance to use those lathes and tools in turning out one small piece of a defense contract. They may not net much out of the job, but at least they will stay in business.

● **Down in the Lehigh Valley**—Allentown, a city of 90,000 in Pennsylvania's busy Lehigh Valley, offers a reasonably typical example of how these latter day pools are being put together. The Allentown pool is still literally in the throes of birth, for it was only in December that Samuel McCurley, president of the Garnet Chemical Co., which makes toilet deodorants and holders, decided to try to land a defense contract and thus escape the tightening squeeze of priorities. He went to Washington, bid on a small ordnance contract—and didn't get it. The order went to one of the community pools. That set McCurley to thinking and to asking questions of defense officials.

When he arrived home he called in a half dozen manufacturers and broached

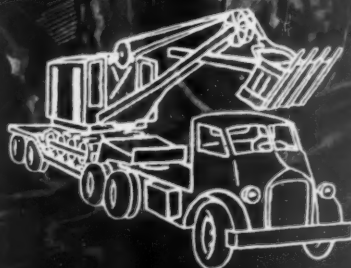
the question—to pool or not to pool. Some were already turning out war goods as sub-subcontractors, but orders were pretty much a matter of touch and go. A pool of all factory facilities and labor in the community might enable them to trap prime contracts which could be divided among the cooperative members. A sound idea. The Pennsylvania Power & Light Co. and the Chamber of Commerce began an immediate survey of the area's tools and resources.

● **Good Word**—McCurley, together with Lloyd Smoyer, head of Brey & Krause Co., brass plumbing fixtures, and Ernest R. Fallin, Jr., young representative of

the WPB's Division of Contract Distribution, became missionaries to spread the word among the other manufacturers. The word, a seed of hope, flourished.

Throughout Allentown the small fellows were wondering just how much longer they could hold out. Resistance against the encroachment of war production on their non-defense industries was useless. Stocks of raw materials were dwindling, couldn't be replenished. Capital was inadequate to undertake any extensive conversion of machinery to possible war production. Not more than a handful could handle subcontracts and none of them individually

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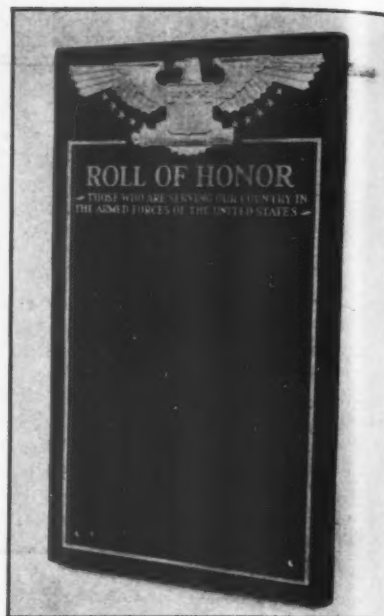
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could hope to attract the attention of the government agencies distributing prime awards. Pooling seemed the only way to get consideration from WPB or Army Ordnance.

• **First Flush**—By the turn of the year 34 manufacturers had enlisted. Machine shops, forging mills, and other metal-working plants accounted for 23 of the recruits, and the rest, with several exceptions, had maintenance shops full of useful tools to throw into the pot.

Companies whose normal operations are far removed from the field of munitions include the Allen Electroplating Co., struggling with chromium and aluminum shortages; the Conestoga Corp., debating just how long the business of making toys and tops might go on, and Rodale Manufacturing Co., whose line of electrical goods, dependent on rubber and plastics seemed destined for oblivion unless the switch to war goods might be made. Farthest afield of the lot is Fenstermacher and Rems, Packard dealers, whose sole offering is their showroom, which they hope may be converted into some sort of an assembly shop. The smallest is John Kennedy, who, with one employee, has long made his living repairing silk-mill machinery.

• **Conversion**—At least one member, the Coplay Cement Manufacturing Co., hasn't been forced into the pool by the pressure of necessity. Coplay is doing



GLASS PLAQUE

A plaque of polished black Carrara glass designed by Pittsburgh Plate Glass Co. for firms having employees in the armed forces of the United States has the dual advantage of providing both a temporary and permanent record. As employees depart for service their names are lettered on the plaque (of non-critical material) in gold or white paint. When the list is complete the names can be inscribed permanently by sand-blasting, and, if it is desired, can be re-arranged in alphabetical order.

well in its regular line, but nevertheless it has revamped its large maintenance shop, installed a few pieces of extra equipment, jacked up the shop personnel to 70, and is working around the clock on a \$30,000 order for ordnance parts. The order was obtained before the pool was formed.

When some of the pool members began examining specifications of things they might make, doubt and bewilderment threatened to undermine the pool project. One machine shop, classified as expert in precision work, threw up its hands when it saw the exacting standards of government work. Another manufacturer started a furore when he suggested that the little fellows in the pool ought to move tools from their shops into his, where he thought they could be more efficiently used. A few, seeing their way clear to fill a few customers' orders, began wondering whether the war might last as long as experts claimed.

• **Morale Men**—To Smoyer and Fallin has fallen the job of trying to clear up

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these misunderstandings. They have to scotch rumors and false hopes of sudden windfalls. And constantly they have to buck up the faint-hearted; convince machinists that their shops can turn out government precision stuff; make members see that only patience and confidence are needed until the pool is in shape to get rolling on contracts.

Smoyer's plant has defense business, but right now he's more interested in finishing something he helped start. Undaunted, he says: "Don't worry. This pool will jell."

• **Mother Hen**—And last week it seemed certain that Smoyer's efforts might be rewarded. The pool was about ready to make its first bid. That bid is likely to be made in the name of the Lehigh Spinning Co., for Walter Guthrie, Lehigh's president, was about persuaded to act as the first "mother hen" for the group. Following the Coplay Cement Co. example, Guthrie has been refurbishing his repair shop, looking to it as a stopgap against disaster, which in this instance takes the form of a lack of jute for Lehigh's weaving machines. Now, Lehigh's maintenance shop has enough power tools to produce essentials in the war program.

Glass Conversion

Libbey-Owens-Ford turns to making low-cost houses. They are built of wood, not glass, but have big windows.

Libbey-Owens-Ford Co. is beginning to build demountable, prefabricated houses in the \$3,000 price range. This company is the largest flat glass manufacturer, but its new houses won't be made of glass. They will be made of lumber and other standard building materials.

Six years ago another member of the glass aristocracy in Toledo, the Owens-Illinois Glass Co., demonstrated that glass block construction is altogether practical, but that demonstration was aimed at industrial building rather than low-cost housing. It's still apparently true that when cheaper houses are built, carpenters will build them.

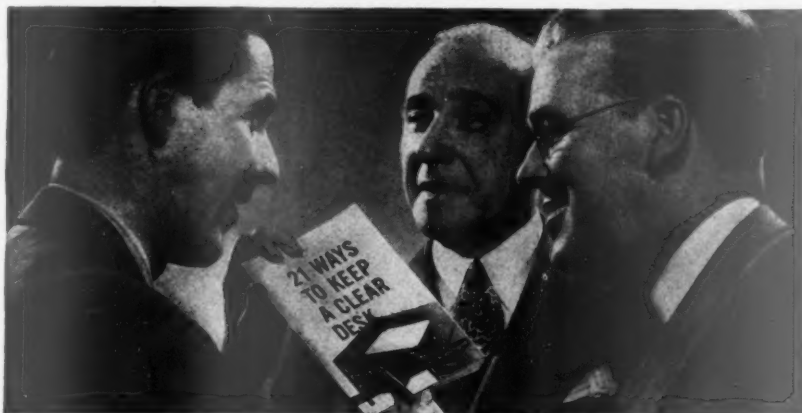
• **Plenty of Windows**—Naturally, Libbey-Owens-Ford houses will have glass windows, but that represents a two-bit sales field compared with automobile glass, which in recent years gave the company half its total volume. The company announcement significantly observed that the new houses would have "large window areas for proper ventilation and cheerful interiors."

The first 1,000 Libbey-Owens-Ford "quickie" houses—a part of the government program calling for 40,000 portable, demountable houses—are being put

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together in the company's safety glass plant in Ottawa, Ill., about 70 miles southwest of Chicago. One hundred and fifty of the houses will have one bedroom each; 600, two bedrooms each; and 250, three bedrooms. They will all be barren of plumbing and other equipment, and ready for delivery to the Federal Works Agency inside the next 120 days. Government-selected contractors will set up and equip the houses and have them ready for war production workers July 1.

These houses are not for public sale. That may come later, but right now the government is taking all the supply. Present plans are to rent, not sell, the houses, which will be erected in areas where the war boom is not expected to produce permanent industries.

• **Keeping up Production**—Although Libbey-Owens-Ford hasn't been able to figure out how to keep all its glass-making equipment in production—an important part of its output is devoted to flat glass tiling and other specialties for the building trades—it hopes to give employment to an increasing number of workmen in mass production of housing. The Ottawa project employs 600.

Meanwhile, to keep its plant as busy as possible on glass production, the substitution of glass for more critical materials, notably metals, is being urged in all advertising and sales-promotion work. War orders are helping too, for they include shatter-proof glass for Army trucks and bullet-proof glass for aircraft.



ROBOT WARDEN

When not flying American Airlines' Flagships Capt. William A. Dumm assumes the rôle of president of the Industrial Timer Corp., which manufactures the Robot Raid Warden, a device which automatically switches off lights in signs and shop windows and sounds an alarm for employees or residents. The device is tuned to a key radio station and goes into action when the station goes off the air during regular broadcasting hours.

industrial applications, Koroseal at present is flowing almost entirely to meet the needs of the Army and Navy—mostly for electrical insulation on wire and cable for combat aircraft and Navy battleships. Despite that diversion, the company's Koroseal laboratory under the direction of Dr. Frank K. Schoenfeld, has intensified its research activity.

The new runless stockings have been developed in two forms: one variety is coated with the glass-clear synthetic, while the other is made by combining silk and Koroseal fibers. The latter is as sheer as the filmiest silk, and Goodrich says the samples tested resisted runs even when jabbed with a pair of scissors.

• **Other Uses**—There's a long list of other things which are being perfected for the day when Koroseal is back in civilian use, the company says. That may be before the war is over, the announcement hinted. There is a possibility that the expansion of production facilities now under way may provide quantities in excess of military requirements.

Created from limestone, coke, salt, water and air, by Dr. Waldo L. Semon, the chemist who also discovered B. F. Goodrich's synthetic rubber, ameripol, Koroseal is one of the most chemically inert substances known, being unaffected by aging, and resistant to acids, greases or solvents.

Back to the Lab

There's no Koroseal now for civilians, but researchers are gunning for postwar markets, including "no-run" stockings.

Sixteen years after an inquisitive research chemist discovered Koroseal along an uncharted chemical by-path, the synthetic material is back in the laboratory being readied for postwar uses.

• **"No-Run" Stockings**—According to the B. F. Goodrich Co., these uses include stockings that can't run, draperies of colorful fabrics so waterproof that they can be cleaned with a hose, and transparent bags for canning foods which can be sealed with a hot iron.

While other firms have reported a continuance of research even though their production has been diverted to the war effort, Goodrich's announcement represents the first case in which a company has revealed what some of its new products will be.

• **Now Goes to War**—Introduced commercially in 1937 in the form of rain-coats, strip goods for belts, suspenders, wrist-watch straps, ironing board pads, and other items including a host of

NEW PRODUCTS

Tape Tabber

When the closure on a package is a strip of cellophane sealing tape, it is hard to remove unless one end has been turned under to form a lifting tab. Such a tab is formed automatically by



the new Texcel Automatic Tab Applier every time a strip of tape is clipped off the dispenser. It is made by Industrial Tape Corp., New Brunswick, N. J., with an adjusting screw which provides a variety of tab sizes.

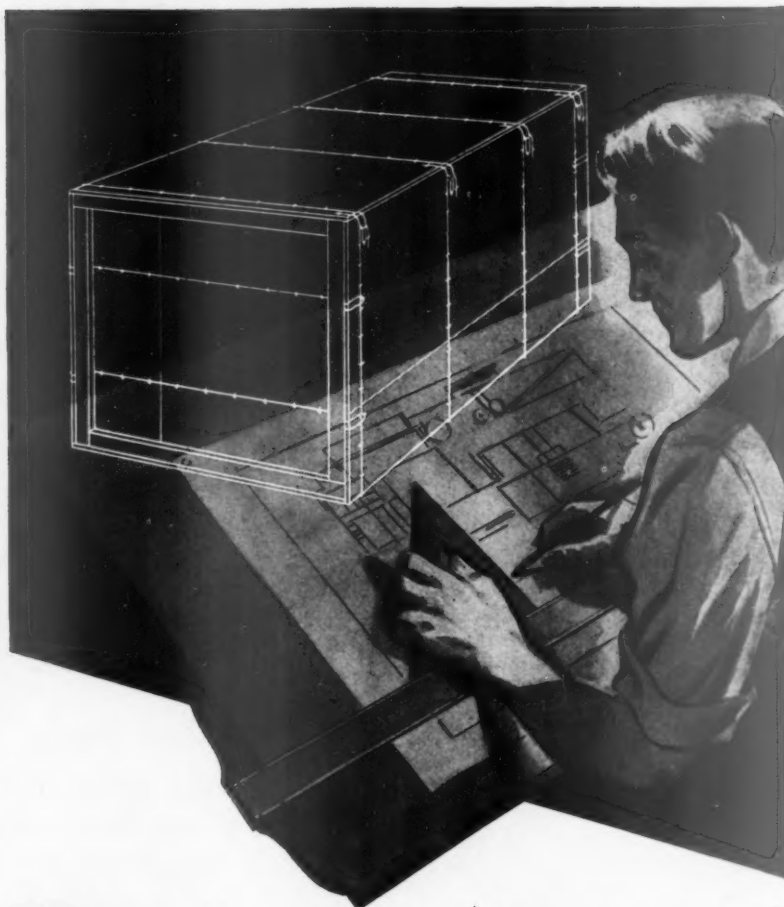
Castor Cutting Oil

A new process of distilling castor oil makes possible Pawling Sulphurized Cutting Oil for high precision work on high carbon steels. Despite an unusually high sulphur content to give the oil "free-cutting" qualities, it is transparent, permitting a machine tool operator to see the cutting edge of his tool bit constantly. Pawling Refining Corp., Port Chester, N. Y., is the producer.

Searchlight-Floodlight

There are various uses for the self-powered new Nite-Hawk Portable Searchlight-Floodlight besides airplane spotting and emergency lighting: night pipe-laying; cutting and filling operations; ship and train loading; petroleum refinery repairs, etc. Lister-Blackstone, Inc., 1706 S. 68th St., Milwaukee, builds a standard trailer model with a 24-in., 3,500,000-candlepower searchlight (one-mile range) and two wide-angle 30,000-cp. floodlights for general lighting. Power comes from a 5,000-watt generator driven by an electrically started 14-hp. Le Roi engine.

Searchlights with ranges up to 3 miles are available. Extra features are receptacles for plugging in electric hand tools like drills, saws, and hammers.



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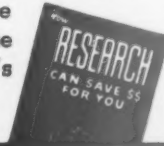
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LABOR & MANAGEMENT

Numbers Game

Here's how employers may expect draft to affect older groups in relation to younger. Deferment procedure is same.

A healthy, unattached, "unnecessary" man of 44 can be pretty sure that he won't be drafted into the Army before about June. After that there's no telling, but his chances of being called will be considerably less than if he were half that age. The youngsters who also registered Feb. 16 are in the clear till late May or early June, too, but after that they'd better start packing their bags. Registrants of any age group with clear cases of dependency won't have to worry for a good while.

The Selective Service Administration hasn't got all the answers yet on how the draft is going to be run, but it's important for employers to know even the general lines along which SSA is working.

• **Method of Classifying**—A lottery on Mar. 17 will establish order numbers for the new registrants, and classification will then be rushed through. It is expected that the bulk of the men will have been classified as to draft eligibility by the end of May. Numbers arrived at in the new lottery will not be sifted in with existing registration lists as was done in the second registration last July. At that time a little confusion didn't matter much, but now Selective Service doesn't want anything to slow down the rate of induction of the men already classified.

The new registrants will be given order numbers running up from 10,000 to 18-19,000. All present numbers are under 10,000. Thus in normal course none of the men registered last month would be called until all present 1-A registrants had been inducted.

• **Young vs. Old**—However, by June the Army will probably have started asking Selective Service for men by age groups—10,000 men, say, in such a week from the 20-22 age group, 2,000 for garrison or desk duty from the 40-44 group. This would practically guarantee that the young fellows, sought most eagerly by the Army, will be called even before the 1940 and 1941 registrants. On the other hand, induction of older men who are classified 1-A will depend on the extent to which the Army needs men for more or less noncombatant jobs. There will be a fairly large number of such men needed, since it is expected that younger men filling jobs of this char-

acter will be replaced as rapidly as possible by older soldiers.

• **Deferment Procedure**—Deferment of older men is supposed to be handled by local draft boards on exactly the same basis as that of the younger men. Unquestionably there will be a much higher percentage of deferments, and there's little doubt that in borderline cases most draft boards will be influenced by the lesser urgency of the demands for older men.

Selective Service is in no hurry about registration of men over 45, will certainly not get to it before June. It is waiting for organization of the pending man-power allocation board to give it some idea of how and for what it should classify them. (The same point applies to sending of vocational experience questionnaires to present deferred men.) Registration of the older men will probably be combined with classification and spread out over a month or more.

This Man Jack

Ex-union leader, now an employer, gets his production in ways that are strange to industry, even in wartime.

One of the most talked about men in the Great Lakes industrial area is a flashy little Cleveland promoter and former business agent of a machinists' union named William Saunders Jack, president of Jack & Heintz, Inc.

A lot of other employers in northern

Ohio bristle at the name, "Bill Jack." But that same name is magic inside the two spanking new plants that Uncle Sam has built for Jack & Heintz along the south rim of Greater Cleveland, in suburban Bedford. For every employee on the Jack & Heintz payroll is Bill's personal friend and press agent. Bill Jack makes a pep talk and his first word brings down the house. His "associates" (they're not called "employees" at Jack & Heintz) sound like the regimented cheering section of Ohio State University at the homecoming game.

To the tune of "Beer Barrel Polka," they sing "Roll Out the Starters." A company specialty is an aircraft starter. Another is a new automatic pilot. Together they have brought Jack & Heintz a \$50,000,000 backlog of government orders. And only last April Bill Jack claims not a bank in Cleveland would lend him a nickel.

• **Money Talks**—Bill Jack is production personified. Boasting that his company has the highest production rate per square foot "of any plant in the world," he says Jack & Heintz completed its 1942 schedule in December and "the boys" are now working on 1943. The way in which he gets production alone serves to explain the legend of love and hate and war-boom millions that already have gathered around this man Jack. He used to be a machinist and a union leader; so he talks to his help in their own language—principally, money. Jack & Heintz largely is one of the things that explains the loyalty inside the plant and fierce resentment outside—chiefly on the part of other employers, who say that the J. & H. generosity results in the government losing a rich field of taxation while the workers lose contact with reality—and furthermore, it can't last.

At the end of 1941, Jack & Heintz



Labor relations in action—Boss Bill Jack in his plaid shirt and partner Ralph Heintz (left) have coffee with their associates (i.e., employees).



One-armed Gene Lesti, gateman at Jack & Heintz, is a living example of the firm's hiring policy—taking men that nobody else wants. Gene looked for work for two years before he met Bill Jack. He was hired on the spot. Jack also employs ex-convicts, but nobody else knows who they are.


gave each employee a wrist watch for Christmas and workers' bonuses ranging up to \$600. Those bonuses cost the company \$650,000 including special gifts to executives "in proportion to their value to the company." Minimum pay is \$100 a month, and every "associate," whether he superintends the plant or sweeps the floor, gets a monthly bonus of \$37.50 in war stamps. This week Bill Jack announced that in addition to the regular monthly bonus a \$50 bonus would be distributed to almost a thousand associates as a reward for setting new production records. No worker shares in bonuses until he has been employed 90 days. Uniforms are laundered at company expense, and each employee has a \$2,500 life insurance policy and hospital insurance, paid for by the company.

• **Splitting the Melon**—The management of Jack & Heintz figures on a 10% profit on sales, of which 8% is divided among the workers and the remaining 2% goes to the owners: Bill Jack, his son, and Ralph Heintz, head of the engineering division of the business.

No time clocks guard the working hours. There are only two shifts, and employees work 12 hours a day each, seven days a week. However, let it be noted that the workers voted that schedule themselves. Once a month there is a short layoff while bosses and workers get together in a downtown hotel for a dinner party, at company expense. Coffee urns are hot and ready, complete with cream and sugar, with free coffee

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• **Self-Rule**—"If a man isn't producing," Bill Jack said, "the other fellows find a way to get rid of him. We hardly ever fire anybody. We've got a payroll of almost 1,500 and a waiting list of 15,000. If a man comes late or leaves early he gets the 'wolf call.' (That's a concert of loud hooting.) He usually doesn't try it again."

At work, Bill has a tiny office decorated with two sailfish. They represent his only relaxation. When his nerves get too tense, he gets on a train for Florida, sleeps 14 hours, suns himself, does some fishing in the ocean, and sleeps his way back home.

• **On His Fourth Fortune**—Bill made his first fortune during the first World War when he joined two other machinists in setting up an automobile-parts business. His second and third were made in the Marquette Metal Products Co. and Pump Engineering Service Co., which he organized seven years ago with capital of \$500 and sold five years later to Borg Warner for about \$1,500,000.

He organized Jack & Heintz in Palo Alto, Calif., and moved it to Cleveland last spring. When the company found hard sledding the Defense Plant Corp. came to its rescue, bought all the machinery, let the company use the proceeds as working capital, and leased the machinery back.

• **Moral**—"Most people," Bill says, "tell you that part of a man's job is to understand the boss. I say it's the job of the boss to understand the men."

NWLB Sea Victory

Board wins its first big test as owners of fishing fleet change their attitude and heed formula for settling strike.

Fishermen put to sea last week after a strike that had provided the first bad buffeting for the National War Labor Board. Forced to deal with a direct challenge to its authority (BW—Feb. 14 '42, p80), the board apparently had come through with flying colors. The strike, which had been called Jan. 6 by the Boston Fishermen's Union, A.F.L., reached an end when owners of the fishing boats heeded the War Labor Board's order and gave each man a \$5,000 war-risk insurance policy and a \$200 policy on his personal effects. The question of who was to pay for the insurance—employer, employee, or both—was left to be decided by arbitration under NWLB auspices.

The owners are represented by the Federated Fishing Boats of New England and New York, Inc.



WAGE-HOUR HEAD

L. Metcalfe Walling took over the administration of the Wages and Hours Law this week and his first job will be to ride out the congressional storm against statutory time-and-a-half payment for overtime (page 14). Walling comes to the job of Wage-Hour Administrator from the Labor Department's Public Contracts Division where, as head, he administered the Walsh-Healey Act.

Representatives of the fishermen had demanded \$10,000 insurance for each man as well as a bonus for each fisherman of \$20 a trip, \$200-insurance on clothing, boat owners to pay for the unloading of the fish, and minimum pay in addition of \$25 for each man each trip. NWLB will take up only the question of who pays for how much insurance when it calls a meeting of both parties, expected soon.

• **For Three Months**—NWLB assured owners that the fishermen would continue under the present contract (which expires Mar. 15) for three months and the Federated then secured insurance for each man for a period of three months, the shortest time it could be written for. It is expected that the NWLB will demand that all further differences be settled by arbitration, without stoppage of the supply of fresh fish upon which the East so largely depends.

When the NWLB asked the owners to send the fleet back to sea early this month, the owners were adamant. They held a meeting at the Boston Fish Pier on Feb. 7 and unanimously agreed that their boats would not be operated until a satisfactory agreement had been reached with the union.

• **What Operators Wanted**—Owners insisted on reaching an agreement in

which lockouts on the part of owners and stoppages on the part of fishermen would be outlawed, and in which all disputes would be settled by arbitration.

The three-month arrangement is considered a concession to the boat operators' demands as it guarantees the status quo while the insurance question is arbitrated.

Volume at the Boston Fish Pier fell off and prices on fresh fish rose as much as 100% during the strike.

Fix It Yourselfs

That's NWLB admonition to G.M. and union on Sunday pay, declining to "set policy" before they've arbitrated.

Just because an issue is momentous doesn't mean that the National War Labor Board will agree to pass on it. That's the most important thing signified by WLB's decision last week to refer the dispute between General Motors and C.I.O.'s Auto Workers Union over double-time for Sunday and holiday work back to the collective bargaining-arbitration procedure established under the G.M.-union contract (BW—Feb. 14 '42, p74).

• **Precedent Hoped For**—What the board would do about the problem of extra compensation for swing shifts on war production was being eagerly awaited by labor and management as a precedent which might well set the pattern for industries that are converting their work schedules to a 168-hour week of continuous operation (BW—Jan. 10 '42, p61).

NWLB didn't really side-step. It stuck to its rule not to add to its already overburdened docket by taking up cases that might be settled by using existing machinery—not even to "set policy."

• **How Board Wants It Done**—The board pointed out that the G.M.-union contract, which is still in full force and effect, has explicit provisions for grievance handling and for arbitration of matters which cannot be settled by agreement. It directed the company and the union to use that machinery which had been established by mutual consent. (The board was under no great pressure to short-circuit the union contract because it had an agreement from G.M. and the union that operations would be continued without stoppage and that any decision on extra compensation would be retroactive.)

Accordingly, NWLB hopes that the G.M. case will provide a labor-relations example, not on the important extra pay issue, but on the even more important matter of keeping production unimpeded while a dispute is settled by orderly means.

TIPS COUNT AS WAGES

The long-drawn controversy over red-cap compensation, subject of Senate inquiry and Wage-Hour hearings (BW—Oct.25'41,p62), received important clarification this week from the Supreme Court. In a 5-to-3 decision, the tribunal held that the tips which porters collect at rail terminals may be applied by the employer railroads toward wages under the Fair Labor Standards Act. The court's opinion, delivered by Justice Reed, was that—save for the requirement that no worker get less than the legal minimum—the act left the employer free “to work out the compensation problem in its own way.”

The decision covered two cases, which involved terminal employees at Jacksonville, Fla., and Dallas, Tex. Justices Black, Douglas, and Murphy dissented.

TEN-HOUR SHIFTS WIN

C.I.O. workers in the Bethlehem Steel Co. shipyard at Terminal Island, Los Angeles, have voted to go along with the system of working two shifts of ten hours each with overtime rather than work around the clock in three eight-hour shifts. The count was 1,647 to 1,602.

Prior to the ballot, many of the work-

ers had been knocking off at the end of eight hours in protest against the ten-hour shifts instituted by the company.

The representatives of this group had argued for 'round-the-clock operations, contending that there was an ample pool of labor available for three shifts, that extra hours reduced efficiency, and that there was no reason why the work day should be held to 20 hours rather than 24.

TRANSPORTATION CLUBS

In a drive to conserve tires and take some of the load off public transportation facilities which carry employees to defense plants, the War Production Board is asking all workers who own private automobiles to establish “informal transportation clubs.” The idea is to pool commuters who come to work from the same direction in the same car for one week and then use another the next week.

The scheme is, of course, subject to a number of variations which may be dictated by practical considerations. Some managements and unions are already helping to organize such plans in their plants. One “Victory Car Club” is set up on a community basis near Chicago and has over 1,000 cars in its pool (BW—Jan.31'42,p14).

McNEAR GOES BEFORE NWLB

At midweek the National War Labor Board was resigning itself to the fact that it had caught a Tartar in George McNear, sole proprietor of the Toledo, Peoria & Western Railroad Co. McNear was haled before the board when he refused to recognize the operating unions on his railroad after they had struck and when, in an unprecedented display of lèse majesté, he became the first railroad operator to defy the National Railway Mediation Board since its inception in 1934 (BW—Jan.31'42, p20).

Last week, after the strike on T., P. & W. was judged “crucial to war production,” NWLB brought him to Washington for the first public hearing it has held (cover and page 14). McNear stepped out of character, attended quietly while his lawyer and union attorneys presented evidence. After the hearing, NWLB asked McNear to stay in Washington a day to hear and respond to the board's decision. When NWLB looked for him Friday he was back in Peoria.

The board's order that he submit to arbitration by Monday drew a wire from him that he was assembling more data which the board ought to see. Convinced that he was stalling, NWLB prepared to get tough.



DUES BEFORE WORK

Locals of C.I.O.'s Steel Workers Organizing Committee were back on dues picket lines last week in the first such action since Pearl Harbor. At the American Steel Foundries plant in Granite City, Ill., a dues-collecting patrol which operated in a blizzard

prompted the company to close down for a day and thus lose time on vital Army and Navy production. Another inspection of dues cards took place at the big Gary mill of Carnegie-Illinois Steel Co. later in the week, but company guards were on hand to make sure that no one who wanted to work was molested.

RACKET LAW DEFINED

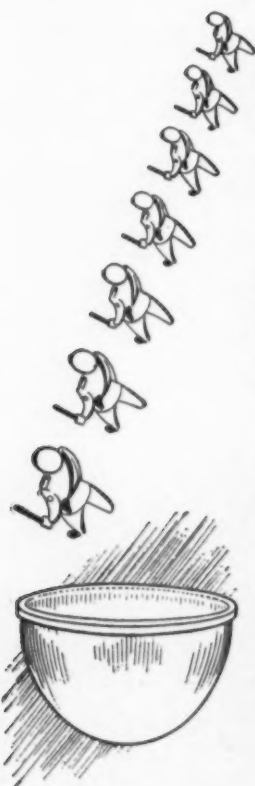
A new line of distinction between militant union activity and racketeering was drawn by the Supreme Court this week. If the objective of the unionists is “to become bona fide employees and to obtain wages in that capacity,” then the provisions of the Antiracketeering Act cannot be invoked against them. That was the opinion of the court, delivered by Justice Byrnes, in upsetting the conviction of Local No. 807, A.F.L. Teamsters Union, and 26 of its members under the statute (BW—Nov.8'41, p56).

The Department of Justice charged that the unionists' practice of compelling out-of-state drivers to turn over their trucks to them at the New York City limits, for driving to the destination, amounted to a \$1,000,000-a-year racket. The court held, 6 to 1, that the defendants were immune by the wording of the law. Justice Byrnes said this did not mean that such activities were beyond federal legislative control and added:

“The power of state and local authorities to punish acts of violence is beyond question. The use of violence disclosed by this record is plainly subject to the ordinary criminal law.”

Chief Justice Stone, dissenting, said that a truck owner who had paid money only “in order to avoid a beating” could not be regarded as a bona fide employer.

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FINANCE

Wall Street Woes

New York Stock and Curb exchanges report deficits for 1941, and Big Board members seek higher commissions.

Constantly declining revenues, ever-haunting horror of the stock exchanges and their members, are in the news again. The two New York markets have just reported their results for 1941, and they're in the red as usual. Moreover, to meet the shrinkage in volume of transactions, members of the Big Board are clamoring for another increase in commission rates (anything might help, witness this week's 45-year low of \$18,000 for N.Y.S.E. seats).

• **Big Board Loss Doubled**—Dullness of trading activity was, directly and indirectly, the principal reason for the net losses recorded by both the New York Stock Exchange and the New York Curb Exchange last year. Volume of trading on the Big Board was 170,603,671 shares, the smallest turnover since 1918 and 18% below 1940, which was dull enough in its own right. Public apathy toward trading resulted in the decline of clearing-charge receipts from \$953,000 to \$838,000, in ticker service from \$436,000 to \$369,000, and in quotation service from \$311,000 to \$232,000. Listing fees, on the other hand, rose from \$495,000 to \$558,000 as more corporations sought the wider market for their securities. Adding everything up, there was a deficit of \$2,229,561 compared with a loss of \$981,348 in 1940.

The New York Curb Exchange, instead of doubling its deficit, managed to halve its 1940 operating loss, principally by close control over expenditures. Net operating loss in 1941 was \$56,000 and in 1940 was \$122,000. Clearing charges fell from \$211,000 to \$173,000 but payrolls were sliced still further, from \$570,000 to \$460,000.

• **Unusual Chargeoffs**—Not included in the Curb's operating results is a write-off of \$18,225.50 representing the loss taken on a \$25,000 investment in New York World's Fair 1939, Inc., 4% debenture bonds, and a \$21,000 item representing "payment for purchase and retirement of 21 regular memberships."

Member firms have pared expenses and redoubled promotion efforts in attempts to obtain new business—and thus win profits instead of losses (BW—Feb. 7 '42, p86). Big Board members now are voting on a proposed general rise in commissions to be charged on the purchase or sale of securities for their clients. This, the second increase in

four years, probably will be approved, although strong opposition is being voiced by the quick-turn traders who threaten to divert their speculative endeavors elsewhere rather than divvy up a larger slice of their at best narrow profits (or see their chances for ending up with a loss increased by this larger "house percentage" against them).

● **Proposed Increases**—If approved, the charge to the public for each stock transaction would be boosted about 25%. Increases amount to 1¢ a share on stocks selling between 50¢ and \$10 a share, and to 4% of selling price for stocks selling between \$10 and \$90. There would be a uniform minimum commission of 35¢ a share for stock selling for \$90 a share or more. Minimum commission on each transaction has been lifted from \$3 to \$5 where the amount involved is \$100 or more.

Big Board commissions for purchase or sale of bonds (other than domestic governmental issues and other special categories) would be doubled, under the plan, except for purchases or sales in a single transaction of more than two bonds. Present rate, for instance, is a \$2.50 per \$1,000 principal value fee per transaction in a bond selling for \$100 or more. The new schedule specifies a commission of \$5 per \$1,000 principal for the purchase or sale of one or two bonds. The fee per bond, however, falls to \$4 each on orders for three bonds, \$3 each for a four-bond order, or \$2.50 each (as at present) for an order for five bonds or more.

ALLEGHANY'S PROGRESS

Efforts to rehabilitate Alleghany Corp. have progressed several steps in the last few weeks. One phase involves settlement of two suits wherein Robert R. Young, Allan P. Kirby (key men in the railroad holding company) and the Seaboard Co. had asked \$8,000,000 from George A. Ball of Muncie, Ind. and demanded a receivership for the George and Frances Ball Foundation.

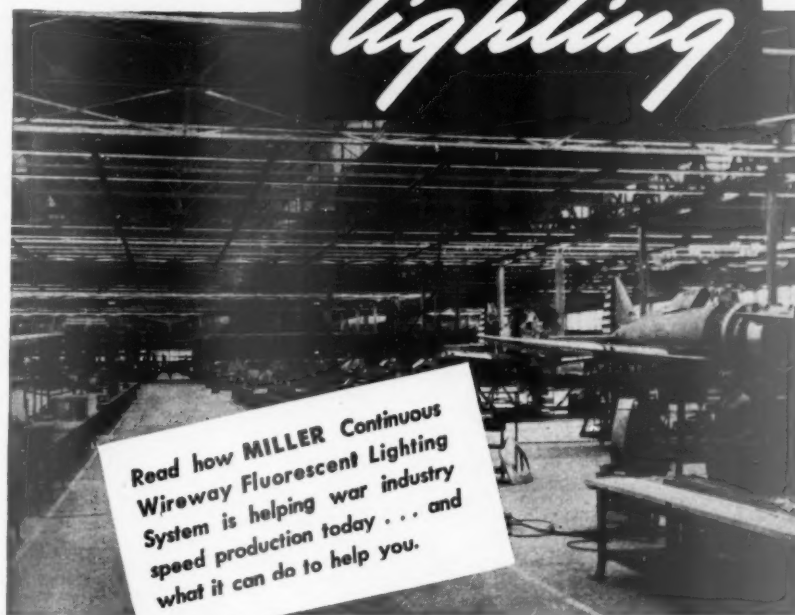
Terms of the settlement have not been announced. The agreement will end a dispute based on the allegation that Mr. Ball, through market manipulations, had increased the prices of the securities of the corporation above their actual worth. This suit was one of the first major civil actions brought under Section 9 of the Securities Act of 1934, which prohibits market manipulations.

Another action, announced with the release this week of the corporation's annual report for 1941, was consummation of the plan of readjustment of the holding company's three bond issues. This brought an end to extensive litigation and permitted officers to shift attention to the next problem, maturity of \$28,640,000 of bonds due in 1944.

More than \$8,000,000 principal amount of the corporation's bonds have

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PEOPLE

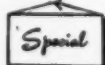
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- **STRICTLY CONFIDENTIAL**—The publishers of Business Week recognize that, in advertising employment or other "opportunities" in "clues", the use of a box number address in its care is dictated by circumstances which require that the advertiser's name be kept "strictly confidential". Replies to such advertisements are forwarded each day as received, without additional charge.

NEXT ISSUE for "clues" ads March 21, Copy required March 17.

THE MARKETS

The new-issue market revived this week with sufficient vigor to allow distribution, mostly on Wednesday, of several sizable blocks of securities. More than \$70,000,000 was involved—which is quite a week by recent standards.

The Mellon Securities Corp. headed syndicates which accounted for about 60% of the total volume. Some \$32,500,000 of first mortgage 3½% bonds due in 1972 (priced at 103½) and 34,000 shares of 5.1% preferred stock (priced at 103½) of the Pennsylvania Electric Co., offered Wednesday morning, were quickly oversubscribed. Life insurance companies were heavy buyers. Proceeds will be used to redeem \$32,235,800 of outstanding 4% to 6% bonds and debentures and to pay off outstanding bank debt.

• **Break for N.A.S.D.**—On the same day, Mellon sold \$15,000,000 of 4% debentures due in 1952 of Schenley Distillers Corp. at par. In contrast with the usual method of offering debentures through a selected selling group, Mellon accepted subscriptions for this issue from members of the National Association of Securities Dealers on a "first come, first served" basis with a dealer concession of 1½%.

As part of its financing program, Schenley also arranged a revolving credit of \$15,000,000 with the Bankers Trust Co., Union Trust Co. of Pittsburgh, Security-First National Bank of Los Angeles, Mellon National Bank of Pittsburgh, Farmers Deposit National Bank of Pittsburgh, and the Toledo Trust Co.

Coming on top of the open credit of \$100,000,000 from 175 banks arranged a week ago by Chrysler Corp. (BW—Feb. 28 '42, p. 71), Schenley's program indicates increasing popularity for this type

of credit. Desire of banks to participate in such open credits perhaps was the factor which influenced the Federal Reserve Bank of Chicago last week to lower its rediscount rate from 1½% to 1%, in order to equalize the charge for obtaining money in that district with the rate in existence in the New York District.

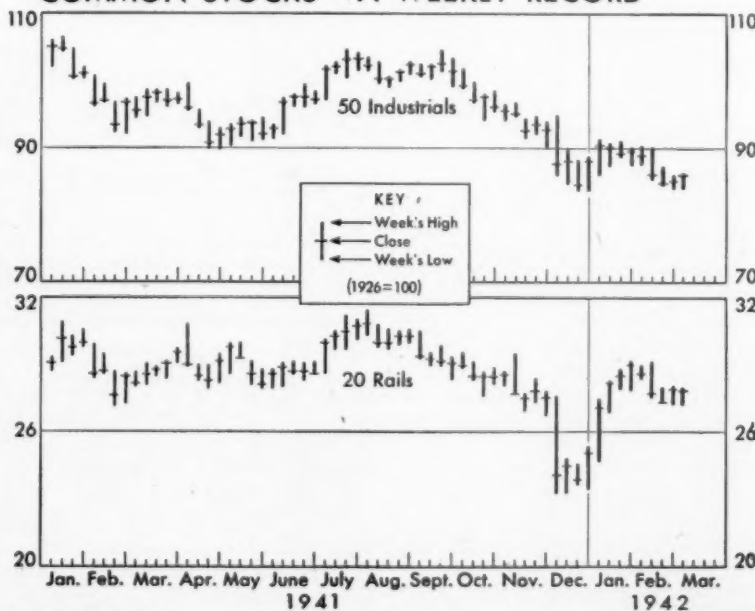
• **Other Offerings**—Other offerings Wednesday included an additional issue of 35,000 shares of 4% preferred stock of Monsanto Chemical Co. at \$105.50 a share by Smith, Barney & Co. and 25,000 shares of Minneapolis-Honeywell 4½% preferred stock at \$104.50 by Union Securities Corp. The Southern Pacific Co. sold \$5,660,000 of 2½% one-to-ten-year equipment-trust certificates at 100.009—just a hair above the "invisible" bid of par for 2½s that the Reconstruction Finance Corp. stands ready to bid. Purchasers Salomon Brothers & Hutzler, Dick & Merle-Smith, and Stroud & Co. reoffered to the public the 1948 to 1952 maturities at prices to yield 2.35%, to 2.9%, the earlier maturities being placed without formal offering.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ..	86.1	85.0	88.9	95.5
Railroad ...	27.8	27.9	28.6	28.2
Utility	33.1	33.4	34.9	50.4
Bonds				
Industrial ...	106.7	106.6	107.7	101.0
Railroad ...	87.8	87.8	88.0	86.8
Utility	103.6	103.8	105.5	102.4
U. S. Govt.	109.4	109.0	109.8	108.9

Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

1942
 © BUSINESS WEEK

been purchased for retirement in the past four years, at an average price about one-third below the principal value. Some \$70,000,000 are still outstanding.

Almost all of the corporation's income from dividends and interest last year, \$6,291,000, represented payments on the common stock of the Chesapeake & Ohio Ry. Co.

SELLING LIFE INSURANCE

A comprehensive 900-page history of life-insurance marketing and promotion problems and their solution has just been published by the Harvard University Press (Cambridge, Mass., \$6). The book, complete with extensive tables and appendixes, reveals how insurers through the ages (since Babylonian days 44 centuries ago, to be exact) have solved their problems of rates, risks, solicitation, publicity, and politics. Competition, formation of the agency system, legislative reforms, and changes in policy contracts are fully reported.

EQUITABLE'S REPORT

In the latest of its trail-blazing series of humanized reports by life insurance companies to their policyholders, the Equitable Life Assurance Society ties onto the war effort for its central theme. Where the society's assets are invested—and what these investments mean to the armed forces—are presented pictorially and in text, with the customary simplified story of what insurance means to policyholders and beneficiaries.

COMMODITIES

Occidental Rice

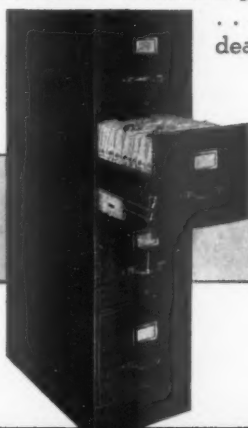
Far East may be biggest producer, but U.S. feeds itself and to spare. Yet price has gone up despite large surplus.

Rice usually is mentally associated with Oriental cuisine and pictured as being cultivated in Far Eastern paddies by barefoot coolies. It's true that the Orient is the largest producer of the cereal. Yet the United States grows substantially more rice than it consumes and, on balance, exports the commodity. Furthermore, by the time this war ends, the U.S. will be in position to furnish even a larger share of the world's needs for this low-cost, nourishing food.

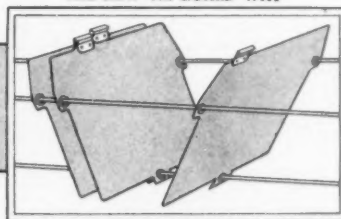
• **Meeting Competition**—Quality of the domestic staple hasn't always been quite up to that of certain types of imported rice but it is improving. To meet the

ENJOY THE ADVANTAGES OF THESE MODERN STREAMLINED WOOD FILES

The war makes it necessary to have more efficiency in business and streamlined "Defender" wood files solve the important problem of speeding up filing. These modern Globe-Wernicke wood files combine the charm and beauty of wood with the newest and best mechanical features including the patented Tri-Guard (3-rod) filing principle. "Defender" wood filing cabinets are available in two, three and four-drawer sizes . . . beautiful genuine walnut, mahogany and oak finishes . . . See them at your local Globe-Wernicke dealer or write to us for more information.



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Guides slide on three rods to support as well as index contents of drawer . . . Contents cannot slump . . . indexing is always visible . . . easy to file . . . easy to find . . . helps prevent errors

The Globe-Wernicke Co. . . CINCINNATI, O.

*Every man who aspires to an executive position,
Every man who already holds an executive position
will want to read this book —*



Just Published
NEW 2ND EDITION

It plainly tells how you can develop a stronger personality for the purpose of increasing your hold on subordinates and on your job. The material in the book is based upon a thorough investigation of actual methods used by executives in many branches of industry and describes the qualifications and character traits essential to successful leadership and shows how they are being brought into effective play in actual practice.

PERSONAL LEADERSHIP IN INDUSTRY

By David R. Craig, Pres., American Retail Federation, and W. W. Charters, Ohio State University. 245 pages, 5 1/2 x 8, \$2.50

THIS book gives a complete and practical treatment of what the manager of men faces in getting work done, analyzes practically every situation that may arise in the supervision of his men, and describes methods that are being used successfully in getting the right kind and

the right amount of work done with the least disturbance and friction. The book takes up forcefulness, securing respect and confidence, keeping up quality and quantity of work, showing personal interest, recognizing effort and rewarding, handling the new man, training him on the job, etc., etc.

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price competition of Oriental shippers, American exporters have learned how to mix various grades. Hemisphere trade pacts boost demand for our crop. Reduction in the Cuban duty on our rice under the U. S.-Cuba Trade Agreement (and inability to import Far Eastern foods) has stimulated exports from the U. S. to Cuba, habitually the best market. Cuba now depends upon the U. S. for virtually all of its import requirements. Last year the island bought 356,695,000 lb. (93% of its total imports) from the U. S.

• **Surplus Cut Slightly**—Domestic production of the cereal last year, 1,531,000,000 lb. milled basis, was highest since the days of the First World War. Domestic consumption, as food, bit into only 55% of this production, and 6% went for livestock feed, seed, and industrial uses. Exports increased, although the Surplus Marketing Administration (for lend-lease shipments or otherwise) reduced purchases during the year from 95,000,000 lb. in 1940 to approximately 6,000,000 lb. in 1941. Altogether, stocks on hand were reduced by about 7% to 900,000,000 lb., approximately a year's domestic food supply.

Demand this year probably will increase, especially as rice is extensively used as an Army food, our export customers in this hemisphere want more, and home consumers won't be getting any imports from China. Accordingly, the Department of Agriculture has established a goal of 1,320,000 acres to be used this year for the cultivation of rice, as compared with 1,245,000 acres planted to the crop in 1941.

• **Supplies Held Up**—Supply of available rough rice now is largely in the hands of growers, who are holding out for prices about double those of a year ago. The Blue Rose type, which represents about 54% of the production in rice states—Louisiana, Texas, Arkansas, and California—is quoted around 7½¢ a lb., as compared with a high of 4½¢ during the decade before March, 1941.

NEW CURBS ON JUTE

Further restrictions on the use during March and April of raw and processed jute from India were imposed this week by the War Production Board. The Office of Production Management several months ago had taken over control of burlap (BW—Jan. 3'42, p39). Production of nondefense jute products are limited to specified percentages of their last March and April acquisition, use, and output. Carpet burlap manufacture, for instance, is limited this month to 50% of the March, 1941, output and next month to 40% of the April, 1941, total. Manufacturers of products with defense priorities ratings of better than A-2 will remain unrestricted in their procurement and disposal of jute.

THE TRADING POST

To Put the Banks to Work

Edward Hudson, president of the Patchogue Citizens Bank and Trust Co. of Patchogue, N. Y., thinks that the banks can take a more aggressive part in stimulating the war effort of industry. He writes as follows:

In this week's issue of the Washington Bulletin (BW—Feb. 21 '42, p5) I note that you think Donald Nelson will cut out competitive bidding on all war contracts—in order to get maximum production.

I just telephoned this to a small manufacturer who is working on a sub-contract for war production. His product has been accepted as being first class and in some ways ahead of many of his competitors. He was told that, because it is necessary to get three bids on every job, there is a considerable delay in giving him contracts.

When I called him he said to me, "That's exactly what is necessary. If there are any profiteers in this business of war production, the government can easily fix that by taking it away in taxes. What I am concerned about is to produce war materials for the government at a fair profit—but I must produce—otherwise my plant will be a loss to me if we don't produce enough."

I wonder if the banks could be more vocal in this matter of stimulating war production. The banks are willing to make loans—if they are beyond any question of safety, naturally—but I wonder how far they are sticking out their arms to speed up this war effort. Frankly, I think banks could be the greatest media in the country. I think they could really inventory the entire machine production of the United States.

There must be hundreds and literally thousands of small machine-shops spread all over this vast land. It seems unlikely that very many of them do not have a bank account. A banker knows where every little place of business is located.

My only purpose in writing this is to aid in winning this war as quickly as possible. And as a banker I would like to cooperate with the machine business of the country. I am going down to the War Production Board in a short time to talk with them along the lines of an idea or two I have such as I am writing you here.

This thing is so important I believe there must be a little pressure behind it. Many organizations don't want to be bothered with sub-contracts. There is too much effort and red-tape to be circumvented. The WPB is crying for knowledge of where such talent and machinery are available. One purpose of writing you is to stimulate this thing a little so that available talent and machinery may be definitely identified so that they can be located and forced into use if necessary.

Class Book

Remember those college class books? Every year the juniors used to work themselves to a frenzy to get the stuff

together and get out the book. Maybe they still do; I wouldn't know. And then came the job of raising the five or six or ten bucks that each class member had to put up to buy a copy.

Now the class book has grown up and got into business. Perhaps it has been there for some time. But the first one to come to my desk is the 1941 edition of the "Aircrafter," published by the Cessna Employees' Club in Wichita. This is an independent social organization composed of the employees of the Cessna Aircraft Co.

The book really is a honey. All the work on it was done by the employees outside of their regular office and factory hours. They hope to make an annual job of it.

Everything is here to make a complete class book. There's a section about Cessna's history, a display of cups and other trophies, a "glance into the future," the various classes—excuse me, departments—all lined up as usual for the group pictures. (Good-looking boys and girls, too, those Kansans.) And then, of course, all the names are listed on the pages right along with the pictures.

Big pictures of the executives with a neat panel of type about each—and this goes too for the resident inspectors for the U. S. Army, for Canada, and for Washington's busy Civil Aeronautics Administration.

* * *

A whole flock of pictures takes you on a trip through the plant. "Candid shots" to show some of the class mates cutting up didoes. And, of course, there are the teams—bowling, baseball, the Glee Club, the picnics, and the skating parties. It's all there in the most approved class-book style.

And, naturally, we are shown in rich colors the planes that Cessna is turning out for the Canadian and U. S. Armies. And there are the machines, the equipment, the assembly lines, and all the rest of the paraphernalia that it takes to "keep 'em flying."

Did I mention the "Aircrafter" staff picture, the officers of the credit union, the five-year employees, and the Home Guard? Anyway, they're all there. And all this is put up in a format that is as much a credit to the Cessna crowd as the planes they are turning out in their working hours.

My favorite shot: that sweet girl with the bow in her hair chewing the head of a riveting hammer.

Congratulations to all the Cessna boys and girls and to a management that has encouraged the enterprise they've put into this first-rate effort. W.C.

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THE TREND

THE WELLES-HALIFAX AGREEMENT

It was on March 11—just about a year ago—that Congress voted and President Roosevelt signed the Lend-Lease Act. The purpose of the law was, as the President put it, to get away from the dollar sign in extending military aid to the opponents of Hitlerism. And now, as if to honor the anniversary of the law, Acting Secretary of State Welles and British Ambassador Halifax have signed a supplementary document, setting forth the terms and conditions under which the United States and Great Britain will settle lend-lease accounts.

• **This new document** provides clear-cut evidence—at least by inference—that American statesmen have come a long way from the last war. Then, the nation's attitude on war debts was specific: "They hired the money, didn't they?" But by specifying that this country will not make demands which will "burden commerce between the two countries," the Welles-Halifax agreement actually suggests that Britain cannot be expected to pay for its war supplies.

For if other nations are to pay interest on their American obligations they must sell us more goods and services than we sell to them. But the United States is a great export nation. We customarily sell abroad more goods and services than we purchase from other countries. Therefore, if we want to collect after this war is over, we shall have to change our economic ways; we shall have to buy more from England and sell less. But such a reversal in established trade relationships is sure to put a burden on commerce between the two countries, and thus contravene the agreement. That fact the Welles-Halifax accord formally puts down on paper for future congressmen and statesmen to see.

But it goes even further. The document re-enunciates the principles set forth in the Roosevelt-Churchill Atlantic Charter. Both the United States and Great Britain agree to promote international trade, reduce tariff barriers, eliminate discriminatory practices in international commerce, and work for the expansion of production, employment, and consumption of goods "which are the material foundations of the liberal welfare of all peoples."

• **Those declarations represent large undertakings.** They sound fine on paper, and they would be ideal in practice. But can we put them into effect? In the middle of a war, with peace not yet in sight, it is easy to make promises. But what will happen when peace comes? Consider, for example, a few of the postwar problems—assuming, of course, that the United Nations win.

After the forced abstention of war, food and clothing will be wanted everywhere. More, industrial machinery—in Great Britain, Germany, Japan, and even in this country—will be run down, will need repairs. And the United States, as the world's great industrial power, will be the major nation to fill these numerous wants. Will we do it? Will we accept the responsibility of trying to

expand production, employment, and consumption of goods everywhere?

Let's examine what that means. After the last war, American bankers financed European and South American purchases of goods in the United States. American investors were willing to buy Brazilian 7s and German 5s. But foreign bonds have been too sad and too recent an experience to be attractive after the war. Investors won't want them. This implies then, that if this country is to reconstruct Europe and Asia, the government will have to do it. We'll have to have a lend-lease law for peace.

• **Moreover, the war itself** is fashioning a special type of economic problem. For instance, the United States is building a huge synthetic-rubber industry. Does that mean we will cease buying rubber from our allies in autarchic self-sufficiency when the war is over? Or will we, in the interest of international trade, scrap our synthetic plants and throw American workers out of jobs in order to buy from the British and the Dutch? Similarly, will we let the British and Dutch smelt tin instead of using our newly-built facilities in Texas? Will we return to silk from Japan for stockings instead of using our vastly expanded nylon-capacity?

Another point: After the war, the United States will have unexampled capacity to produce machine tools and machinery. Will we export that machinery to less industrialized countries—China, India, Latin-America, etc.—so that in years to come they can become our competitors on finished goods? And if we do, how will we be paid? Traditionally, an industrial nation is supposed to sell manufactured goods and buy raw materials in exchange. But how would such a program sit with our farm-bloc or mining-state congressmen?

• **Or can we hope** to stimulate such a tremendous revival in world trade that all the wheat, all the rubber, all the tin, all the copper that can be produced will be consumed? For that would be a saving solution. Then there would be no limits to demand; then trade could flourish as never before. But such a vast expansion in commerce would have to be underwritten. And no other nation except the United States could underwrite it.

That, then, is the ultimate implication to be drawn from the Welles-Halifax agreement. Once the war is won on the battlefield, the struggle to win the peace begins. And individual nations and individual industrial interests will have to accept new arrangements in world markets. And for a while at least, this country will probably have to look forward to the idea that foreign-giving (lend-leasing) will have to take up where foreign-lending left off after the last war. In short, unless the world is to make war all over again, the United States will have to underwrite the peace.

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